



Daily Report

China

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General

Newly Purchased Russian Submarine Transits Taiwan Strait

HK2002134695 Hong Kong LIEN HO PAO in Chinese
20 Feb 95 p 2

["Dispatch" from Taipei: "The First of the Four Russian-Built Submarines Purchased by Mainland China Passes Through the Strait of Malacca (Name As Published)"]

[FBIS Translated Text] The floating dock, which is transporting from Europe to the North China Sea Fleet the first of the four Russian-built K-Class diesel submarines purchased recently by China, entered the international body of water between the Penghus in the Taiwan Strait and the mainland the day before yesterday. It exited the northern tip of the strait and continued sailing northward. Apart from monitoring the submarine, the Taipei military also took other actions. The mainland's purchase of four K-Class submarines from Russia has attracted considerable attention from the world and the concern of peripheral countries. Nevertheless, the exact delivery dates have not yet been affirmed. The photos of the drydock taken by the military of a certain country when passing through the Strait of Malacca yesterday, and then transmitted by international news agencies, confirmed that the first submarine was on its way for delivery.

A high-ranking Taiwan naval officer said: Recent intelligence shows that the deal was for four K-class submarines, with two being 877 EKM types for export purposes and the other two being the new 636 type, which have never before been sold to any other country. The submarine, which is now being delivered and has passed through the Taiwan Strait, is the first one. Whether or not the mainland authorities' purchase of Russian-built K-Class submarines includes the transfer of their technology and production on the mainland has always been the focus of attention for various countries in the world. However, this is not clear at present.

Envoy Criticizes UN Task Force on Arbitrary Detention

OW2102022895 Beijing Central People's Radio Network
in Mandarin 1030 GMT 17 Feb 95

[From the "National Hookup" program]

[FBIS Translated Text] China Radio International: At a human rights conference in Geneva on 16 February, Zhang Yishan, deputy head of the Chinese delegation, criticized the UN Human Rights Commission's task force that deals with arbitrary detention and its report. He maintained that the task force's work is not conducive to the genuine protection and promotion of human rights.

Deputy delegate Zhang Yishan pointed out: The task force violates the spirit of the Convention on Civil and Political Rights because it has overstepped its authority to examine and assess the political systems and mechanisms of sovereign states.

He pointed out: Blindly believing false statements fabricated for political reasons by a handful of individuals and organizations that are hostile to China, the task force has judged, without any justification, to be arbitrary detention punishment meted out in accordance with the law by China's judicial organs to criminals who have seriously endangered the country and society. Influenced by strongly bias, it has politicized the human rights issue, taken a distorted view of China, and made a series of unjust decisions.

He urged the task force to discard its old practices from the Cold War.

World Bank To Strengthen Ties With Guizhou

OW2002124695 Beijing XINHUA in English 1120 GMT
20 Feb 95

[FBIS Transcribed Text] Guiyang, February 20 (XINHUA)—A senior executive with the World Bank (WB) recently said that the WB will strengthen its co-operation with southwest China's Guizhou Province.

Vice-president of the WB Russell Cheetham made the remarks in the provincial capital of Guiyang last Saturday when he finished a special tour of this province.

The vice-president visited Huangguoshu, a scenic spot near Guiyang, and two WB-loan-assisted primary schools in Puding County.

He also visited some Bouyei households in Bouyei Autonomous County.

The visit to Guizhou is part of his China tour which started on the 13th of this month.

Guizhou, where many people still live in poverty, has launched 11 projects using 144 million U.S. dollars worth of loans from the WB since 1980.

The loans have been helpful to poverty relief efforts and the improvement of education, health care, and the forestry sector in Guizhou's remote poverty-stricken areas.

Since 1980, the WB has signed 149 loan agreements with China, involving a total amount of 20.4 billion U.S. dollars. The loans have been used in the fields of farming, forestry, water conservancy, education, health care, industry, urban construction, and telecommunications.

Iranian Leader Reaffirms Anti-U.S. Stand

OW1702170195 Beijing XINHUA in English 1624 GMT
17 Feb 95

[FBIS Transcribed Text] Tehran, February 17 (XINHUA)—Iran's religious leader Ayatollah Khamene'i today reaffirmed Iran's anti-U.S. stand, saying that Islam's enemies could never bring the nation to its knees.

Addressing a large group of this week's Friday prayers at Tehran University campus, Khamene'i said the Americans are once again making every endeavor to put pressure upon the Iranian people in their bid to make the Iranian government surrender.

Khamene'i described the grand rallies on February 11 as unique in the world and massive support of the people for the revolution and the Islamic system.

He said the Islamic revolution in Iran relies upon the people and described this source of strength as a great privilege for the Islamic system.

He said the inability of the enemies of Islam to mar the image of the Islamic revolution was due to the active support of the people on all scenes, which fact warrants the role-play of the people to tackle any problems.

'Roundup' Views Afghanistan's 'Explosive' Situation

OW1702223495 Beijing XINHUA in English 1604 GMT 17 Feb 95

["Roundup" by Pan Yi: "Explosive Afghan Situation Before Power Transfer"]

[FBIS Transcribed Text] Islamabad, February 17 (XINHUA)—The rapid surging and irresistible advancing of Taliban intrigued the Afghan situation as the date of power transfer from President Borhanuddin Rabbani was closing on.

Scoring a string of military victories over Hezb-i-Islami led by Afghan opposition leader Golboddin Hekmatyar, Taliban forces Tuesday [14 February] captured Hezb headquarters in Charasyab, 25 kilometers south of Kabul.

Hezb forces retreated and repositioned in Sarobi, a strategic point east of Kabul, and set up the interim headquarters there.

Taliban did not stop its advance and issued an ultimatum to Afghan President Rabbani who tightly controlled Kabul, demanding the withdrawal of all Rabbani's men from positions south of Kabul by Wednesday afternoon.

After negotiations, Rabbani's troops yielded three points, giving Taliban 10-kilometer stretch closer to Kabul.

However, Taliban's commander demanded further withdrawal of Rabbani's fighters Thursday, but Rabbani's frontline commander said that they would retreat if ordered by their Defense Ministry and they would never give up their arms.

Now, three fighting groups have evolved in the war-ravaged country. One is the government side led by Rabbani and allied with Ittehad-i-Islami led by Rasul Sayyaf.

The other one is opposition alliance including Hezb-i-Islami, Junbush-i-Islami led by Rashid Dostum, Hezb-i-Wahdat led by 'Abdol 'Ali Mazari, and the Afghan National Liberation Front led by Mojadeddi.

The third one is Taliban which refused to sit with either the government or opposition side whom they dubbed as "criminals."

Among these factions, Rabbani, Hekmatyar, Dostum and Taliban have powerful forces and enough arms and ammunition.

Hekmatyar said in Sarobi Thursday, "We weren't forced to retreat from Charasyab, in fact, we have cleared the way for Taliban to take on Rabbani."

He added, "Now we will see if Taliban only wants to fight Hezb-i-Islami or will also attack other parties."

Meanwhile, a senior aide to Dostum said that the four-party anti-Rabbani alliance was intact despite the withdrawal of Hezb-i-Islami from Charasyab.

He stressed that Kunduz, a strategic point in northern Afghanistan was still in Dostum's hand.

Dostum's men unleashed Kunduz campaign on January 22 against government troops, and captured the city on February 5, a major victory for the opposition alliance.

Nevertheless, opposition forces gained low hand in battles around Kabul. Following the retreat of Hezb fighters, Wahdat's men in west of Kabul were under onslaught by Rabbani's troops today, and their retreating route had been controlled by Taliban.

So far, there were no information about direct conflicts between Taliban and Rabbani's side.

It was reported that both the government and opposition sides had sent representatives to Taliban's base, lobbying the new faction to attack their rivals, while Taliban insisted that all of them should lay down their arms.

As the situation was intensifying, UN special envoy to Afghanistan Mahmud Mestiri decided to fly to Kabul this evening to pursue his efforts for power transfer from Rabbani to an interim setup.

However, the adviser to Mestiri, Charles Santos who had already been in Kabul said Thursday that the power transfer may be delayed for a few days but he didn't give the reason.

A report said that the UN was persuading Taliban to join the interim setup which may include 30 members as against 24 or 25 announced previously.

Observers said that as things always change suddenly in the war-torn country and Taliban's unimaginable development made the situation more subtle, no body can predict what will happen tomorrow.

United States & Canada

Reportage Energy Secretary O'Leary's Trip

Views Upcoming Visit

OW1702143495 Beijing XINHUA in English 1413 GMT 17 Feb 95

[FBIS Transcribed Text] Hong Kong, February 17 (XINHUA)—The United States Secretary of Energy Hazel O'Leary said here today that her China tour next week will not be affected by the ongoing Sino-US trade talks.

At a news briefing sponsored by the American Chamber of Commerce in Hong Kong, O'Leary said having reviewed the circumstances in China, she was absolutely confident that the United States should be there to have its business.

She said that the week-long visit has been planned by the two sides for more than a year, adding that her job is to develop long-term relationships in the world's biggest market for power generation.

During her trip in China, she said that she and her delegation would only want to talk business.

Arriving in Hong Kong Thursday, O'Leary heads a delegation of 80 officials and businessmen for a visit to China starting Sunday.

She said that she and her party will meet their Chinese counterparts in Shanghai and Beijing for energy industry promotion involving hydropower projects and projects of coal and petroleum industry and environment protection.

She noted that having looked into the reforms in China, she believes that it is appropriate and correct for the US business now to focus on the largest energy market in the world, adding "It is silly not to."

According to the data that she distributed at the news briefing, China's capital investment in energy in the period between 1993 and 2010 is estimated to be 262.5 billion US dollars.

Answering a question about the effects of the Sino-US trade talks on her tour to China, she said that the US-China relationship is not focused on a single track.

She said that she is much forward [as received] to positive results between the two sides in their trade talks, hinting that recent discussions the US and Chinese energy delegates had in Washington indicated that the issues would be treated separately.

Responding to a question why her delegation includes over 50 businessmen, she said she hopes her visit would open doors for American businesses.

Local media reported that O'Leary's visit to China could conclude contracts and understandings worth some 8 billion US dollars.

Before the news briefing, O'Leary delivered a speech to the American Chamber of Commerce entitled "Hong Kong at the Center in the Energy Future".

She said that it is amazing to see the growth occurred in Hong Kong over the past decade.

She pointed out that as a center for commerce, technology and moving capital, Hong Kong will remain at the center in the energy future beyond 1997 for its characteristics—free society, open market, efficient capital accumulation and advanced and attractive technological prowess.

'Fruitful' Results Expected

HK2102053995 Hong Kong TA KUNG PAO in Chinese
19 Feb 95 p 2

["Weekly Review" column by Kung Yao-wen (7895 5069 2429): "Sino-U.S. Talks on Expanding Energy Cooperation"]

[FBIS Translated Text] Talks for \$8 Billion Worth of Deals
[subhead]

U.S. Energy Secretary Hazel O'Leary, together with the heads of 65 U.S. energy corporations, arrived in Beijing on 18 February, and will hold talks with the Chinese side on the development of energy, including the tapping of natural gas, and on the construction of several power plants. If the talks are successful, some \$8 billion probably will be involved.

Owing to the acceleration of reform and opening up in recent years, all localities in China have rapidly increased industrial output. Moreover, the demand for energy—arising from the development of town and township enterprises, from the expanding production of transportation means, and from the increase in the living standards of the people—will increase several dozenfold, or even a hundredfold. Seeing the opportunity, U.S. energy corporations now have sent a large delegation to China with a view to opening up China's vast energy market. As long as they have secured their ground, they can get some large energy investment and cooperation projects from the Chinese side—and the demand for energy of 1.2 billion people is incalculable. The size of the current U.S. delegation shows that the United States is taking the lead in entering China's energy sector.

As one can well remember, the China visit by the large number of U.S. entrepreneurs last August, headed by U.S. Commerce Secretary Ronald Brown, successfully concluded telecommunications contracts worth approximately \$5 billion. Only six months have elapsed since then. The current energy delegation headed by O'Leary is larger than the previous group, and the largest ever amount is expected to be reached at the trade talks.

China Welcomes Foreign Businesses To Invest in Power Plants

During the China trip, the energy delegation will have talks on the tapping of natural gas, and on cooperation in several large electricity-generating projects. China is one of the richest countries in coal reserves—one could say that it is too rich in coal—and its coal output has consistently ranked first in the world. For its primary energy, however, China is almost 70 percent dependent on coal, and this is very bad for atmospheric pollution. The carbon monoxide and carbon dioxide in China's atmosphere come mainly from the burning of coal. Therefore, tapping natural gas, which has less impact on the environment, is China's immediate energy task. By tapping natural gas, China can alleviate the environmental pollution problem, but the point is it does not have enough natural gas power plants. China welcomes such industrially developed countries as the United States and the European countries to invest in China.

What is noteworthy, however, is that the U.S. energy delegation is coming to Beijing at a time when the ninth round of Sino-U.S. Intellectual Property Rights (IPR) talks has entered its final stage. The two sides announced two days ago that they would delay the talks for two days. Since they have kept the content of the talks secret, they have drawn the attention of all quarters to the question of whether there is a compromise or a breakdown. Seventy Percent of China's Electricity Comes From Coal [subhead]

The fact that the energy delegation is visiting Beijing shows that the stalemate in the IPR talks is not preventing the United States and China from cooperating in other areas. Viewed from another angle, does it show that the U.S. policy of preparing to expand industrial and business cooperation with China will remain unchanged? In light of this, the IPR talks probably will end with a compromise.

O'Leary and the U.S. delegation will stay in Beijing and Shanghai for eight days, and will be briefing China's energy-related departments and enterprises on the most advanced U.S. energy technology, equipment, and products. She said that the primary objective of the trip is to conduct cooperation with the relevant Chinese authorities on hydropower, coal, oil, natural gas, and nuclear power.

China's current power-generating capacity is approximately 183 million kw, most of which is thermal power, accounting for 77.5 percent, while hydroelectric power accounts for 21.5 percent and nuclear electricity accounts for only one percent. Therefore, China is very weak in nuclear electricity generation.

Two years ago, China's first nuclear electricity generator began operation at Zhejiang's Qinshan nuclear power station. It was followed by the operation of Guangdong's Daya Bay nuclear power station, the numbers one and two generators of which were installed with French help. The two power stations will begin their second-phase projects soon, and will add two more nuclear electricity generators each.

China began research on nuclear electricity generation in 1972 when, at the instruction of the late Premier Zhou Enlai, the Shanghai Nuclear Engineering Design Institute was set up. It developed and built the number one 300,000-kw atomic reactor [yuan zi lu 0626 1311 3619] for the Qinshan power station. The atomic reactor [yuan zi lu 0626 1311 3619] itself was built by China on its own, while the heat conductive tube for the pressure-capacity steam generators and the primary cooling water pumps were imported from Japan, Europe, and the United States. The first fuel exchange, regular checks, and other work, from late last year to early this year, drew the attention of all quarters, and the results were satisfactory. The atomic reactor [yuan zi lu 0626 1311 3619] has continued to generate electricity. More Than 20 Nuclear Power Stations To Be Built in Eight Provinces [subhead]

The Nuclear Industry Second Research and Design Institute estimates that by the year 2020, of China's then 500-billion-kw power-generating capacity, nuclear electricity will account for 6 to 8 percent. In particular, China's coastal areas, which consume a great deal of electricity, all expect more nuclear power stations to be built.

China has to rely totally on French and Japanese technology for the large atomic reactors [yuan zi lu 0626 1311 3619] at the Daya Bay nuclear power station. After gaining experience from building the Qinshan and Daya Bay nuclear power stations, Guangdong has decided to build four more atomic reactors [yuan zi lu 0626 1311 3619]. In addition, eight inland provinces have applied for approval

of 23 nuclear power station projects, and they will rely on their own strength while welcoming foreign capital.

It is expected that the U.S. energy delegation's visit at this precise moment means that the United States will get an important early share in China's electricity market. As China's reform and opening up are developing deeply, there are broad prospects for Sino-U.S. cooperation. What people want to see at the coming business talks are fruitful results.

Official Seeks Expanded Cooperation

OW2102094995 Beijing XINHUA in English 0933 GMT 21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—Ye Qing, vice minister of the State Planning Commission, said here today that China hopes to expand cooperation in the sphere of energy resources with the United States.

This stand was stated by Ye during talks with visiting U.S. Secretary of Energy H.R. O'Leary. Ye expressed the hope that the secretary's visit will further promote understanding. He briefed O'Leary on the development of the country's economy and its energy industry since the implementation of its open and reform policies.

Ye explained that China's economy has developed quite smoothly since 1979 and has entered a new phase of rapid development since 1992, when Deng Xiaoping made his southern China tour. He introduced the framework and basic principles in developing China's energy industry over the next five years.

"China will carry out the open policy in energy development," Ye said, adding that China welcomes all nations from around the world, including the United States, to expand cooperation in the field of energy either by means of fund raising, direct investment, or by supplying equipment and technology.

According to him, China has become a hot spot for overall international energy cooperation, and a highly competitive market too. He expressed the hope that Secretary O'Leary's visit will further enhance cooperation between the two countries, which is mutually beneficial.

The secretary said that China is a big energy market. She expressed the hope that the American delegation will establish a healthy foundation for bilateral energy cooperation and take advantage of the opportunity to sign a memorandum with China so as to start cooperation in the areas of common interest.

More on Meeting

OW2102134095 Beijing XINHUA Domestic Service in Chinese 0958 GMT 21 Feb 95

[By reporter Ma Guihua (7456 2710 5363)]

[FBIS Translated Text] Beijing, 21 Feb (XINHUA)—During his talks with visiting U.S. Energy Secretary O'Leary today, Ye Qing, vice minister in charge of the State Planning Committee, indicated that he hoped Secretary O'Leary's current visit can further deepen Sino-U.S.

understanding in the energy sphere and promote the two countries' cooperation in that area.

During the talks, Ye Qing briefed the visitors on China's economic development, especially the development of the energy industry, since China adopted the reform and opening up policies, as well as the framework and basic policies for China's energy industry in the next five years.

He said: The energy industry will continue to be a basic industry of China's national economy in the next five years. In developing its energy industry, China will continue to implement the policy of opening up to the outside world and will welcome all countries, including the United States, to expand cooperation with China in the energy sphere through raising funds, providing advanced equipment and technology, direct investment, or various other means.

Ye Qing pointed out: With respect to energy cooperation, China has become an international hot spot and a market in which competition is fierce. It is hoped that Secretary O'Leary can continue to promote our two countries' reciprocal and mutually beneficial cooperation.

Secretary O'Leary said China has a huge energy market. She hoped that her delegation's current visit in China can establish a healthy foundation for U.S.-Chinese cooperation in energy, and that she wanted to take advantage of the opportunity of her visit to sign a memorandum of understanding so that the two countries' cooperation can start in an area of mutual interest.

It was reported that Secretary O'Leary and her party arrived in Beijing yesterday. Accompanying her are about 100 persons from business and political circles in the United States.

Fight Agreements Signed

OW2002150895 Beijing XINHUA in English 1413 GMT
20 Feb 95

[FBIS Transcribed Text] Shanghai, February 20 (XINHUA)—U.S. Energy Secretary Hazel O'Leary said here today that her current visit to China has already seen the signing of eight co-operative agreements between the U.S. and China in Shanghai.

O'Leary and her trade mission arrived here Sunday [19 February].

This morning, she attended a symposium on "The Functions of Local Governments in Sino-U.S. Energy Co-operation", and was present at the signing ceremony of the eight agreements in the afternoon.

The total investment for the eight Sino-U.S. energy cooperation projects will exceed two billion U.S. dollars, sources said.

Xu Kuangdi, deputy mayor of Shanghai, met with O'Leary at noon today. Xu expressed the hope that U.S. investors and manufacturers would increase their co-operation with Shanghai in the field of energy.

Speaking on behalf of U.S. President Clinton, the U.S. Secretary said that, apart from developing trade relations

with China, the U.S. attaches great importance to the cooperation between the two countries.

She expressed her belief that the co-operation between the two great countries would continue in a healthy and stable manner.

O'Leary and her party concluded their visit to Shanghai today and left for Beijing.

Reportage on IPR Talk Developments

'Progress' Made in Talks

OW1902041395 Beijing XINHUA in English 0353 GMT
19 Feb 95

[FBIS Transcribed Text] Beijing, February 19 (XINHUA)—Talks between China and the United States on the intellectual property rights (IPR) beginning February 14 have been constructive and progress has been made, according to the Ministry of Foreign Trade and Economic Cooperation.

The talks will continue here next week, a spokesman for the ministry said.

Sun Zhenyu, vice-minister of the ministry, has invited Deputy U.S. Trade Representative, Charlene Barshefsky, to come here to jointly preside over the talks next week, the spokesman added.

Barshefsky To Arrive

OW2002092295 Beijing XINHUA in English 0843 GMT
20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—Deputy US Trade Representative Charlene Barshefsky will arrive in Beijing Tuesday at the invitation of Sun Zhenyu, vice-minister of Foreign Trade and Economic Cooperation (MOFTEC).

A MOFTEC official said that Sun and Barshefsky will jointly preside over the talks between China and the United States on intellectual property rights (IPR), which continued here today.

Central Eurasia

CPPCC Vice Chairman Meets With Russian Group

OW1702172095 Beijing XINHUA in English 1620 GMT
17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (XINHUA)—Sun Fuling, vice-chairman of the National committee of the Chinese People's Political Consultative Conference (CPPCC), met with Ramazan Abdulatipov, vice-chairman of the Russian Federal Council, and his party here today.

Sun briefed the Russian visitors on the composition and working functions of the CPPCC national committee as well as China's policy towards its ethnic groups.

Abdulatipov said that China's experience in handling the affairs of its ethnic group affairs is "worth learning."

Ismail Amat Meets Russian Federal Council Group*OW1802025595 Beijing XINHUA in English 0220 GMT 18 Feb 95*

[FBIS Transcribed Text] Beijing, February 18 (XINHUA)—Ismail Amat, State Councillor and Minister in Charge of the State Nationalities Affairs Commission, met with Ramazan Abdulatipov, vice-chairman of the Russian Federal Council, and his party in the Great Hall of the People today.

The minister briefed the Russian guests on China's legislation on nationalities affairs and the country's national regional autonomy.

Kazakhstan To Promote Cooperation With China*OW1802093595 Beijing XINHUA in English 0823 GMT 18 Feb 95*

[FBIS Transcribed Text] Almaty, February 17 (XINHUA)—Kazakh First Deputy Prime Minister Nigmatzhan Kabatayevich Isingarín hoped that his coming China trip will help promote bilateral economic and trade cooperation.

In an interview with XINHUA, Isingarín, who will visit China on February 20, said that trade between the two countries has been growing rapidly since Kazakhstan became independent from the former Soviet Union in 1991.

He said that his country has also opened rail, air and highway links with China.

Isingarín suggested that the two countries develop cash trade and establish large joint ventures in the fields of machine-building and mining industries.

He said that he and his entourage will conduct a careful inspection of the Chinese market so as to purchase goods needed by his country.

Commenting on the economic reform in his country, Isingarín said that while the reform is market-oriented, the transition to a market economy should take place under government control.

He noted that since taking office last October, the new Kazakh government has strengthened macro control over the economy and taken a series of measures to stabilize production.

He predicted that the inflation rate will be reduced to seven percent in February from nine percent last month, and the entire economy will be stabilized in the second half of the year despite a slight drop in industrial output.

Li Lanqing Holds Talks With Kazakhstan Counterpart*OW2002170295 Beijing XINHUA in English 1447 GMT 20 Feb 95*

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—Li Lanqing, China's vice-premier, held talks with Nigmatzhan Kabatayevich Isingarín, first deputy prime minister of Kazakhstan, on further strengthening bilateral trade and economic relations, here this afternoon.

Li said in the talks that the economic and trade relations between China and Kazakhstan have seen continuous development due to the joint efforts of the two sides.

The present level of bilateral co-operation is still not high enough, compared with the potential, he added.

Li said he hoped that the two countries would conduct a wide variety of forms of trade co-operation, with cash transactions as the main form, and establish joint ventures, especially between big enterprises of the two countries.

Co-operation between big enterprises of the two countries will surely push forward the bilateral trade relations, he said.

Isingarín said that Kazakhstan regards its trade co-operation with China as very important, adding that developing bilateral trade relations of mutual benefit is one of the positive conditions for Kazakhstan to develop its national economy.

Isingarín said that Kazakhstan and China are neighbors, with convenient transportation links, which is conducive to furthering bilateral trade.

The visitor expressed the hope that the two sides would conduct co-operation in the metallurgy, cement, fertilizer, communications, oil and transportation industries.

This evening Li and Isingarín signed a memorandum of the talks, and attended the signing ceremony of the 1995 Trade Memorandum between the Chinese Ministry of Foreign Trade and Economic Co-operation and Kazakhstan's Ministry of Industry and Trade.

Isingarín and his party arrived here this morning as Li's guests.

Northeast Asia**Military Leaders Meet Japanese Defense Chief****Zhang Wannian Fetes Nishimoto***OW1902153495 Beijing XINHUA in English 1457 GMT 19 Feb 95*

[FBIS Transcribed Text] Beijing, February 19 (XINHUA)—General Tetsuya Nishimoto, Chairman of the Joint Staff Council of Japan, arrived here this afternoon, starting his four-day visit to China.

Nishimoto is the first senior officer of the Japanese armed forces to visit China since 1989. He is here as guest of General Zhang Wannian, Chief of the General Staff of the Chinese People's Liberation Army.

General Zhang presided over a welcoming ceremony for Nishimoto this afternoon and hosted a banquet in his honor this evening.

Chi Haotian Meets Nishimoto*OW2102124595 Tokyo KYODO in English 1225 GMT 21 Feb 95*

[FBIS Transcribed Text] Beijing, Feb. 21 KYODO—Japan's top uniformed officer met with China's Defense

Minister Chi Haotian in Beijing on Tuesday [21 February] to promote bilateral military relations.

Gen. Tetsuya Nishimoto, chairman of the Joint Staff Council of Japan's Self-Defense Forces (SDF), called the meeting an important step for high-level military exchanges during the 1990s, with both sides agreeing to regular exchanges in the future.

Nishimoto is the first Joint Staff Council chairman as well as the highest-level Japanese military officer to visit China.

The visit has been billed as an effort to build confidence in the post-Cold War era, while Tuesday's talks concerned the present international situation, defense policies of both countries and military exchanges, Nishimoto said.

Both sides reached an understanding over the goals of each other's defense strategy, with the Chinese side explaining its modernization program and nuclear policy, he said.

The SDF chief said China is making efforts to modernize its military armament, and he expressed to Chi the concerns of Asian nations over such trends, especially in light of China's expanding political and economic influence.

"Transparency is important to improve trust on all sides," Nishimoto said, while asking China to keep its neighbors informed of its intentions.

Nishimoto also told the Chinese defense minister of Japan's concern over the disputed Spratly Islands, adding Japan hopes the row can be resolved peacefully. He said China and Japan basically hold a common view of the present international situation.

Nishimoto passed on an invitation from Japan's State Minister for Defense Tokuichiro Tamazawa to Chi to visit Japan.

A similar invitation was also extended to Zhang Wannian, chief of the General Staff of the People's Liberation Army and Nishimoto's host during the four-day trip.

Nishimoto's visit ends Thursday, following an inspection of a Chinese naval base at Qingdao, Shandong Province.

Sino-Japanese Friendship Committee Meeting Ends

OW1702161595 Beijing XINHUA in English 1547 GMT
17 Feb 95

[FBIS Transcribed Text] Qingdao, February 17 (XINHUA)—The 10th session of the 21st Century Committee for China-Japan Friendship, which finished here Thursday [16 February], passed on a proposal for developing Sino-Japanese friendship in the 21st century.

The proposal, which was made after several days' discussion by committee members who were empowered by the two countries' prime ministers, will be submitted to the Chinese and Japanese Governments for policy study.

It stated that China and Japan are countries with great potential for the 21st century, and that the two should strengthen cooperation in the area of world peace and development, and should therefore, promote long-term

stable bilateral relations, with trust in each other, and work for common development through mutually-beneficial cooperation.

Goals shared by China and Japan in the next century should be: establishing a model of peaceful co-existence between countries with different social systems; becoming equal partners with mutual-benefits and common prosperity; becoming friends who learn from each other in the field of culture, science, and technology; and being positive forces in safeguarding peace and promoting international development.

As an aid to reaching these goals, the representatives pointed out the following:

—The Sino-Japanese Joint Communiqué and the Treaty of Peace and Friendship between China and Japan are the most fundamental principles guiding bilateral relations, stipulating the various principles that the two sides should abide by, clarifying the responsibilities that they should bear, and pointing out the future of the development of bilateral relations, so the two sides should maintain this as a basis of bilateral relations.

—It is extremely important to draw lessons from history and look to the building of Sino-Japanese relations in the 21st century.

Friendly exchanges between the people of China and Japan date back several thousand years, but Japan's aggression in the modern era resulted in grievous suffering for the Chinese people.

To correctly evaluate both the positive and the negative side of history, and to draw lessons from it, constitutes an important base for Sino-Japanese friendship and an important guarantee for carrying it forward from generation to generation.

—The two countries should continue to expand exchanges and cooperation in the economy, in trade, science, technology and other fields on the basis of the principles of equality and mutual benefits and practices adopted by the international community.

Therefore, the two governments should continue their dialogue and coordinate efforts to expand their cooperation in trade, investment, technology transfer, and the environment.

—Sino-Japanese relations have their origin in culture and deeply-rooted person-to-person exchanges. The two sides should make an effort to maintain this tradition by increasing cultural and educational exchanges as well as broadening contacts between the two countries' youth, and fostering the next generation of Sino-Japanese friendship.

—On the differences and problems in the development of bilateral ties, the two sides should seek a settlement through friendly consultations and by abiding by the principles formulated in the Sino-Japanese Joint Declaration and the Treaty of Peace and Friendship between

China and Japan, working in the interest of maintaining bilateral ties, and by seeking common ground while preserving differences.

—China and Japan are close neighbors and important nations in Asia, and the two countries have important responsibilities to attend to in the area of peace, stability, and development of the region, even in the world, and neither country should seek hegemony in the region or anywhere else in the world.

Recognizing that the world's countries closely rely on each other, the two sides should continue to strengthen cooperation in international affairs so as to make a greater effort at establishing peace, stability, and development of the region and the world as a whole.

The 10th session of the 21st Committee for China-Japan Friendship opened on Monday in Beijing.

Daily Claims DPRK Possesses '48 Small Submarines'

HK2002132295 Hong Kong LIEN HO PAO in Chinese
20 Feb 95 p 9

["Dispatch" from Tokyo, 19 February: "DPRK Reportedly Possesses 48 Small Submarines"]

[FBIS Translated Text] A thesis on the DPRK Navy's strength which was carried in the February issue of HSIENTAI CHUNSHIH [CONMILIT], a special magazine on the Chinese mainland's military affairs, reported: North Korea possesses 48 homemade small submarines.

The thesis, entitled "The DPRK Navy Which Attaches Importance to Coastal Defense" pointed out: These small submarines were built beginning in 1974. They are 20 m long, have a 25-tonne displacement, are equipped with two small torpedo tubes, and can carry seven combat personnel.

NODONG SINMUN Stance on Nuclear Agreement Cited

SK1802135195 Beijing China Radio International in Korean 1100 GMT 18 Feb 95

[FBIS Translated Text] Yesterday, Korea denounced the United States for calling on Pyongyang to accept ROK-style light-water reactors. It insisted that this is aimed at intentionally blocking the implementation of the Korea-U.S. agreed framework. Korea also stressed that if North Korea and the United States iron out their differences over the reactors, the agreed framework could be smoothly implemented.

Recently, U.S. Secretary of State Christopher said that resuming North-South dialogue is stipulated in a paragraph of the framework agreement. Accordingly, he said, if Korea is not willing to implement the paragraph, the United States will not advance toward progress in the implementation of the agreement.

Korea's NODONG SINMUN, in a commentary, said that Christopher's remark is unreasonable and that the United States is attempting to evade its responsibility for the

obstacles it has laid to the implementation of the agreement and to intentionally complicate the issue.

The commentary said the third paragraph of Article 3 of the agreed framework clarifies that inter-Korean dialogue is to be held if a climate is created by the implementation of the agreed framework. However, it insisted that no active progress has been made in the provision of light-water reactors even though four months have passed since the adoption of the Korea-U.S. agreed framework.

The commentary also said that if the U.S. values the implementation of the Korea-U.S. agreed framework, Korea will welcome it. However, it warned that if the United States makes another choice, Korea will also make its own choice.

Mongolia Party Leader Interviewed on Upcoming Visit

OW1802124895 Beijing XINHUA Domestic Service in Chinese 0538 GMT 15 Feb 95

[By reporters Wang Yimin (3769 5030 3046) and Lu Guodong (0712 0948 2767)]

[FBIS Translated Text] Ulaanbataar, 15 Feb (XINHUA)—At the CPC's invitation, a Mongolian People's Revolutionary Party [MPRP] delegation, headed by General Secretary B. Dash-Yondon, left here by plane this morning for a nine-day visit to China.

When interviewed by XINHUA prior to his departure, Dash-Yondon stressed that the visit would certainly be conducive to promoting MPRP-CPC cooperation and the development of the two countries' good neighborly and friendly relations.

He said: The enormous successes China has achieved in economic construction in recent years are phenomenal. The main purpose of my current visit to China is to understand the substantial successes China has achieved in launching reforms, opening up to the outside world, and establishing special economic zones, as well as the central authorities' experiences in organizing and leading these endeavors.

Commenting on the MPRP-CPC relations, the secretary general of Mongolia's ruling party said that the MPRP and the CPC are traditionally friendly to one another and their friendly and cooperative relations have been developing in recent years.

Dash-Yondon also briefed the reporters on Mongolia's current economic situation. He said: Compared to 1991 and 1992, Mongolia's economy is improving. The MPRP's economic policy is one to achieve gradual economic stabilization and to achieve economic recovery and development in 1995 and 1996.

Born in 1946, Dash-Yondon graduated from the Mongolia National University's History Department in 1968. Since November 1990, he has held offices as MPRP Central Committee Presidium member, and MPRP Central Committee chairman and secretary general.

Southeast Asia

'Large-Scale' Construction, Occupation Set for Spratlys

HK1402072095 Hong Kong HONGKONG STANDARD in English 14 Feb 95 pp 1, 2

[By staff reporter and agencies]

[FBIS Transcribed Excerpt] China has moved a step closer to large-scale construction and occupation of the disputed Spratly Islands. A mammoth research program paving the way for human habitation and construction, and a possible military build-up, has been under way for several years. After many years' research, Chinese scientists have discovered new building materials which could be used to replace concrete in the absence of sand, fresh water and other construction ingredients on the hotly disputed islands.

The research program, considered crucial to Chinese development and occupation on the island chain, was ordered by China's top civil and military authorities, according to Chinese sources. Dozens of top Chinese scientists and engineers from the Chinese Academy of Sciences and Chinese Academy of Construction Materials Research and Development under the Construction Ministry have taken part in the research. They were sent to a laboratory based at China's most southerly seaside area on island Hainan province to conduct the program, Chinese sources with close links to the science community said.

The new materials are based mainly on sea water and coral reef, which are plentiful on the South China Sea islands. The sources said internally-circulated reports quoted senior Chinese leaders as hailing the development as one of the greatest scientific achievements and biggest contributions to national defence since the establishment of the communist republic in 1949.

Sources said China had been preparing technology for full-swing economic development on the islands. As an emerging regional economic and military power, China believes it needs military muscle in defending its claimed territorial sea. Although the research is chiefly aimed at enabling peaceful economic development and construction, it may also be considered a strategic program to accommodate China's military build-up on the remote islands. "Otherwise, Beijing would not necessarily assign so many top scientists to the program," Beijing-based Western diplomats said yesterday. [passage omitted]

Liu Huaqing Behind Buildup

OW1802115795 Tokyo SANKEI SHIMBUN in Japanese 17 Feb 95 Morning Edition p 5

[By correspondent Masaru Soma]

[FBIS Translated Text] Hong Kong, 16 Feb—The view is surfacing in Hong Kong that Liu Huaqing, Central Military Commission vice chairman, has instructed the Chinese military to strengthen China's military presence in the Spratly Islands, which are claimed by China and ASEAN members.

Vice Chairman Liu visited Hainan Island for 10 days beginning in late January, which is located near the Spratly Islands, and his visit to the island has fueled this view in Hong Kong. A military expert in Hong Kong said: "It is certain that Vice Chairman Liu has played an important role in strengthening China's military presence there."

According to XINHUA NEWS AGENCY, Vice Chairman Liu was on Hainan Island from 30 January to 8 February, touring Chinese military units and visiting farms and enterprises. He also reportedly met with Hainan Province Governor Yuan Chongwu. What is notable is that Vice Chairman Liu, at a meeting with senior officers of Chinese air, ground, and naval units stationed on the island, stressed the importance of maintaining military units in Hainan Province.

According to the same military expert in Hong Kong, Hainan Island, which is located near the coastal areas of Vietnam and the Spratly Islands, which are claimed by China and ASEAN members, is in constant contact with the Chinese Navy's North China Sea Fleet headquarters, and a considerable number of naval units are stationed on the island.

Philippine President Ramos announced that China had built a platform on the Panganiban Reef and sent naval vessels to waters off the reef when Vice Chairman Liu was touring Hainan Island. The military expert in Hong Kong pointed out that "Vice Chairman Liu's visit to the island had something to do with China's moves to strengthen its military presence on the Spratly Islands."

Matters concerning the Spratly Islands are so important that only Chinese military leaders have the final word on them and it is certain that Jiang Zemin, Central Military Commission chairman, and Vice Chairman Liu have been involved in China's moves to strengthen its military presence on the islands. Vice Chairman Liu is believed to have visited Hainan Island with instructions that he had to give personally to senior officers of military units stationed on the island.

The military expert in Hong Kong assumed that Vice Chairman Liu felt it necessary to give instructions on defense plans, military buildup plans, and the appointments of senior military officers to strengthen China's military presence on the Spratly Islands during his stay on the island.

SRV Official Comments on Hong Kong Boat People

OW1802032695 Beijing XINHUA in English 0310 GMT 18 Feb 95

[FBIS Transcribed Text] Hong Kong, February 18 (XINHUA)—A senior Vietnamese official was here today quoted as saying that his country is willing to accept all of the region's 42,000 boat people, including some 22,000 in Hong Kong.

Bui Dinh Dinh, Vietnam's vice-director of Consular Affairs, made the remark during a Friday's interview with the local English language newspaper The HONGKONG STANDARD.

He said that his country was willing to cooperate in returning the migrants through the Orderly Repatriation Program.

Analysts here said that such cooperation could help the region solve the boat people problem, especially the one in the territory which has lasted for 16 years.

The official said that Vietnam would do its share as long as the Hong Kong government had the will to carry out the repatriation program.

He believed that Hong Kong could still meet the December deadline to clear out the region's refugees as imposed by the 30-member nations of the Steering Committee of the International Conference on IndoChinese Refugees.

The Hong Kong government had vowed to clear all the detention camps for Vietnamese migrants in the territory by the end of this year.

However, on Tuesday the territory informed the Steering Committee that it would not be able to meet the target.

Recently there are signs showing the delay in the territory's repatriation of the Vietnamese boat people.

Chinese officials stationed here have repeatedly urged the local government to solve the boat people problem in the territory before 1997 when China resumes its sovereignty over Hong Kong.

They criticized the British-Hong Kong authorities for creating a heavy burden for the territory by accepting these Vietnamese migrants.

Statistics showed that the local government had spent billions of HK dollars on these migrants since the late 1970s when hordes of Vietnamese people began swarming into the territory.

CPC Group, SRV Official Discuss Party Construction

OW1802130295 Beijing XINHUA Domestic Service in Chinese 1425 GMT 15 Feb 95

[By reporter Ling Dequan (0407 1795 2938)]

[FBIS Translated Text] Hanoi, 15 Feb (XINHUA)—On 15 February, Le Phuoc Tho, Vietnamese Communist Party [VCP] Central Committee Political Bureau member, had a meeting in Hanoi with members of the CPC Central Committee Organization Department delegation headed by its deputy head, Wu Lianyuan.

Le Phuoc Tho and Wu Lianyuan briefed each other on the construction of the VCP and the CPC. They held that it was useful for the VCP and the CPC to exchange views and experiences about party construction while launching reforms, opening up to the outside world, and developing the market economy.

The CPC Central Committee Organization Department delegation arrived in Hanoi on 13 February for a weeklong visit in Vietnam. The delegation members have had talks with VCP Central Committee Organization Department leaders and visited Hanoi.

The Chinese delegation will continue its visit to some southern Vietnamese provinces and cities.

General Meets Australian Defense Minister

OW2002113495 Beijing XINHUA in English 1030 GMT 20 Feb 95

[FBIS Transcribed Text] Canberra, February 20 (XINHUA)—Australian Defense Minister Robert Ray met and discussed here today with visiting Chinese General Xu Huizi issues of common interest.

General Xu, deputy chief of staff of the Chinese People's Liberation Army (PLA), who led a Chinese military delegation, arrived in Australia last Saturday [18 February] for a week-long visit to the country.

This is the highest Chinese military delegation to visit Australia since the establishment of diplomatic ties between the two countries.

The aim of the visit by General Xu, who was invited by Lieutenant General John Baker, vice chief of the Australian Defense Force (ADF), is to increase mutual understanding and friendship between the two armed forces.

During the meeting, Ray and Xu also discussed issues in the Asia-Pacific region and exchanges between the two armed forces.

Ray, who also briefed the Chinese guests on the Australian defense policy, expressed the hope that the exchanges between the two armed forces would be further expanded so as to increase mutual understanding.

General Xu also had more than two hours of talks with Alan Beaumont, chief of the ADF, Baker and other senior military officers this morning on issues of mutual concern.

Xu, who will end his visit to Australia on February 25, will visit a number of ADF facilities in Sydney, Melbourne, Townsville and Williamtown in the next few days.

Observers here believe that the mutual visit between senior officers of the two armed forces and the direct exchange of views on regional situation is helpful to deepening mutual understanding and to enhancing relations between the two armed forces.

Chen Junsheng Meets New Zealand Minister

OW1602070195 Beijing XINHUA in English 0515 GMT 16 Feb 95

[FBIS Transcribed Text] Wellington, February 16 (XINHUA)—New Zealand [NZ] Deputy Prime Minister Don McKinnon met this afternoon Chinese State Councilor Chen Junsheng, who arrived here last night for a week-long visit.

Chen, who left here for NZ South Island right after the meeting, called on earlier today NZ Trade Negotiations Minister Philip Burdon and Agriculture Minister John Falloon.

He also visited the NZ Dairy Board and the NZ Wool Board.

It was learned that the delegation led by Chen Junsheng aims to study how NZ develops its agriculture, forestry and animal husbandry and learn its experience gained in this field.

In the coming few days, the delegation will visit some forestry projects, farms and research institutes.

Near East & South Asia

'Expert' Defends Transfer of Nuclear Technology to Iran

LD1802130995 Tehran IRNA in English 1250 GMT
18 Feb 95

[FBIS Transcribed Text] Beijing, Feb. 18, IRNA—A Chinese expert for control of nuclear weapons said here Friday [17 February] that Beijing will support the idea of supplying Iran with nuclear power plants.

The expert who spoke under the condition of anonymity, said that peaceful use of the nuclear energy was the legitimate right of every country and that Iran too had the right to use such technology.

Stressing that Russia and China were determined to help Iran in this connection, the expert added that China, under the precise supervision of the International Atomic Energy Agency (IAEA), was to provide Iran with the necessary equipment and technology needed by its nuclear reactors.

He said that Washington criticized Beijing for its cooperation with Tehran despite the fact that the latter was a member of the nuclear non-proliferation treaty (NPT).

The expert also criticized the smear campaign of the western and U.S. mass media that China's atomic installations threatened other countries. "China has always called for putting an end to launching nuclear tests throughout the world," he stressed.

He added that the number of nuclear tests which have been launched so far in various countries were as follows:

The U.S. 950, Russia 600, France 200, Britain 60 and China 41.

Anhui Exports Electrical Equipment to Iran

OW1602085895 Beijing XINHUA in English 0712 GMT
16 Feb 95

[FBIS Transcribed Text] Hefei, February 16 (XINHUA)—The Electrical Machinery Plant and the Switchgear Plant of this capital of east China's Anhui Province is exporting over 70 million yuan-worth of products to Iran.

The first batch of products, which will include 86 sets of motor-driven underwater pumps and 68 sets of electrical control equipment worth a total of 16 million yuan, were delivered to Shanghai port yesterday.

The equipment will be used for pump stations at a sugarcane project. The government-funded project is aimed at irrigating desert for sugarcane planting.

The two Chinese plants beat competitors from Germany, Japan and Britain in the bidding for the contracts.

Sri Lankan Foreign Minister To Visit

OW1602115495 Beijing XINHUA in English 0945 GMT
16 Feb 95

[FBIS Transcribed Text] Colombo, February 16 (XINHUA)—Sri Lankan Foreign Minister Lakshman Kadirgamar will pay a three-day official visit to Pakistan and a five-day visit to China from next Tuesday [21 February].

Announcing his trips to the two countries at a press conference here today, the foreign minister said that he will hold official talks with his Pakistani and Chinese counterparts on bilateral relations and economic cooperation.

He believed that his visits would enhance Sri Lanka's relations with Pakistan and China.

Political & Social**Deng's Doctor Comments on MING PAO Report***HK2002050095 Beijing XINHUA Hong Kong Service in Chinese 0820 GMT 19 Feb 95*

[Report: "Wu Jieping Expresses His Indignation at a Fabricated Report About Him"]

[FBIS Translated Text] Beijing, 19 Feb (XINHUA)—During an interview a few days ago, Mr. Wu Jieping expressed his indignation and regret at a fabricated report by MING PAO on 12 February about his so-called "indications" that "Deng Xiaoping has been hospitalized and his condition may rapidly change overnight."

During a recent interview with Chou Chingheng, reporter of the Germany weekly DER SPIEGEL, he did not talk about Deng Xiaoping's health at all or indicate anything about Deng Xiaoping's recent physical condition, Wu Jieping said.

MING PAO claimed that this report originated from a signed article in the German weekly DER SPIEGEL and a "long-distance telephone interview" with Chou Chingheng, the article's writer. This signed article in DER SPIEGEL did not carry the contents "quoted" by MING PAO. Mr. Wu Jieping said that Chou Chingheng wrote a letter to him on 13 February clarifying this problem. Chou Chingheng said that he "never granted" an interview to MING PAO "at all." MING PAO claimed that "Chou Chingheng told our reporter that well-known Chinese doctor Wu Jieping checked Deng Xiaoping's health on 5 January and that during an interview with him [Chou Chingheng] on 8 February, Wu Jieping indicated that Deng Xiaoping's health is declining, his life may be in danger at any moment, and he has been hospitalized." On this, Chou Chingheng clarified: "I did not say that Wu Jieping checked Deng Xiaoping's health, and neither did Wu Jieping say that Deng Xiaoping's life might be in danger at any moment or that he had been hospitalized." "I did not say that Wu Jieping indicated that Deng Xiaoping's health was declining; he did not give such an indication." MING PAO asserted: "Chou Chingheng said that in his article he indicated that Deng Xiaoping might pass away at any moment." On this, Chou Chingheng said that "there was absolutely no such sentence as 'Deng Xiaoping may pass away at any moment' in his article. In his letter, Chou Chingheng said that he had telephoned MING PAO 'lodging a serious protest against its act of publishing a report that is not up to press ethics, that adds inflammatory details, and that juggles black and white, which has caused a false impression.'"

People here pointed out that press reports must be based on facts; this is a fundamental criterion. Begetting something out of nothing, fabricating news reports, creating rumors to confuse the public, and forcing one's own prejudice on others—these not only harm the relevant people but are also quite irresponsible to the readers and to society. Hong Kong's MING PAO has time and again used this method to deal with news reports, create rumors, and distort facts. It should be condemned by public opinion. On 14 February, Hong Kong's MING PAO published a

report lightly touching on the issue in an attempt to make a "correction," but it avoided mentioning the many rumors it created on its 12 February report. Obviously, MING PAO had no alternative but to make this move under the pressure of facts, but this does not suggest that it is willing to clarify the fabricated, misleading report.

Wu Jieping told reporters that during the interview with DER SPIEGEL reporter Chou Chingheng, he talked about the development of medical science and genetics in China, how China treats cancer with Chinese medicine, and how to prevent senility. He said that the "health of people at an advanced age may easily fluctuate," but this is only a general medical expression relevant to senility and not directed at any particular person. In his letter to Wu Jieping, Chou Chingheng explicitly clarified this point. Chou Chingheng said that because the 12 February MING PAO report "may cause harm to some people, the German weekly DER SPIEGEL preserves the possibility of filing a lawsuit against MING PAO."

MING PAO Defends Interview*HK2102031495 Hong Kong MING PAO in Chinese 20 Feb 95 p D7*

["MING PAO Responds to XINHUA Article"]

[FBIS Translated Text] The XINHUA NEWS AGENCY yesterday published an article citing statements by Wu Jieping (National People's Congress Standing Committee vice chairman and one of Deng Xiaoping's presiding physicians) clarifying reports on what he had told Chou Chingheng [0719 0513 1854] of Germany's DER SPIEGEL about Deng Xiaoping's health. As a considerable part of the article involves MING PAO, MING PAO would like to respond as follows:

The 12 February report by MING PAO on Deng Xiaoping's health is based mainly on Chou Chingheng of Germany's DER SPIEGEL, who interviewed Wu Jieping.

On 11 February, a REUTER dispatch from Bonn, citing a news story carried by the weekly DER SPIEGEL, said a DER SPIEGEL correspondent had interviewed Wu Jieping. The dispatch cites Wu Jieping as saying that Deng Xiaoping's health might "change rapidly" (preceding two words printed in English) at any time.

As this was the first time a physician treating Deng Xiaoping had talked about Deng Xiaoping's health, it was breaking news. MING PAO's International and China Sections immediately followed up on the story. An International Section correspondent tried to contact DER SPIEGEL for the full text of the interview (DER SPIEGEL did not publish the interview until two days later—on 13 February), while a China Section correspondent called Beijing, trying to get into contact with the DER SPIEGEL correspondent who had interviewed Wu Jieping to get details about the interview, such as the date and place.

At around 2200, the China Section correspondent successfully established contact with Chou Chingheng via a long-distance phone call, and talked with him for more than 10 minutes. The correspondent then wrote a piece which was the article published the following day.

The following evening, the DER SPIEGEL correspondent telephoned MING PAO, denying having given an interview to MING PAO. As the MING PAO China Section head was on leave that day, a staff member on duty asked him to call again the following day.

On the evening of 13 February, the DER SPIEGEL correspondent got into contact with MING PAO's China Section chief. First he denied he had had an interview with MING PAO, then said he had made it clear that his conversation with the MING PAO correspondent was off the record. MING PAO's China Section head replied that he found it hard to accept the DER SPIEGEL correspondent's denial that he had been interviewed by MING PAO. As regards publication, MING PAO's China Section head had twice asked the MING PAO correspondent who interviewed Chou Ching-heng. On both occasions the MING PAO correspondent replied categorically that Chou Ching-heng, the DER SPIEGEL correspondent, had never said that the interview could not be published.

Later, MING PAO's China Section head contacted the DER SPIEGEL correspondent again. They agreed that DER SPIEGEL would give MING PAO the full text of the interview with Wu Jieping, ideally the Chinese version, so that MING PAO could publish it. In fact, it was what MING PAO had wanted to secure right from the beginning.

On 14 February, MING PAO ran the full text of the interview in its Chinese Breaking News section. In an editorial note, MING PAO highlighted the fact that the interview differed from the DER SPIEGEL report cited by REUTER on 11 February: Wu Jieping had made only a general reference, saying "for a 90-year old, health is prone to fluctuations." He did not describe Deng Xiaoping's health with the words "changing rapidly at any time," as put by DER SPIEGEL. In this regard, DER SPIEGEL has made an announcement admitting that its report was misleading.

The greatest difference between the 14 February article and the 12 February one, is that the one of the 14th is based on statements by Wu Jieping, while the one of the 12th is based on the DER SPIEGEL correspondent. MING PAO believes that its correspondent, who interviewed Chou Ching-heng, correctly recorded his conversation with the DER SPIEGEL correspondent. The two articles should not be confused, and still less can anybody rebut what the DER SPIEGEL correspondent told MING PAO with what Wu Jieping told him. Naturally, MING PAO apologizes to Mr Wu Jieping if the interview with Chou Ching-heng which it has published has caused Mr Wu inconvenience.

The MING PAO Editorial Department regrets that the XINHUA NEWS AGENCY accused it of "more than once fabricating and inventing news, and starting rumors so as to mislead the public" before the agency got the facts straight.

NPC Standing Committee Session Opens 21 Feb

Chaired by Qiao Shi

OW2102131595 Beijing XINHUA Domestic Service in Chinese 0807 GMT 21 Feb 95

[FBIS Translated Text] Beijing, 21 Feb (XINHUA)—The 12th Session of the Standing Committee of the Eighth National People's Congress [NPC] started at the Great Hall of the People this morning [21 February].

Chairman Qiao Shi presided over this morning's plenary meeting and introduced the agenda for the current Standing Committee session. The component members of the Standing Committee adopted the agenda.

According to the agenda, Xiang Chunyi, vice chairman of the NPC's Law Committee, today first made a report to the session on the Law Committee's examination on decisions for the revision of the Draft Election Law and the Draft Organization Law. Xue Ju, chairman of the NPC's Law Committee, and vice chairmen Wang Shuwen and Li Yining respectively made reports to the session on the Law Committee's review opinions on the Draft Law on Judges, the Draft Law on Procurators, the Draft Law on People's Police and the Draft Decision on Penalties for Breaking the Company Law.

The State Council today submitted three proposals to the session, asking the NPC Standing Committee to examine and approve the Revised Tax Collection and Administration Law, the Draft Invoices Law, and the Draft Insurance Law. Entrusted by the State Council, Director of the State General Administration of Taxation Liu Zhongli and Vice Governor of the People's Bank of China Zhou Zhengqing respectively made explanations to the meeting on the three draft laws.

The Legislative Affairs Commission of the NPC Standing Committee drafted and submitted the Guarantee Law to the session for examination and approval. Entrusted by the chairman of the NPC Standing Committee, Chairman of the Legislative Affairs Commission of the NPC Standing Committee Gu Angran today made explanations to the meeting on the draft law.

The State Council and the Central Military Commission submitted the Draft Law on Reserve Officers of the Chinese People's Liberation Army to the NPC Standing Committee session for examination and approval. Entrusted by the State Council and the Central Military Commission, member of the Central Military Commission and Chief of General Staff Zhang Wannian today made explanations to the component members of the NPC Standing Committee on the law.

At today's meeting, Meng Liankun, chairman of the NPC Standing Committee's Credentials Committee, made a report to the session on the results of examining the qualifications of elected deputies in elections and by-elections. Through voting, the meeting adopted the report. Since the Ninth Session of the Eighth NPC Standing Committee, eight NPC deputies passed away and two NPC deputies resigned. Recently, local people's congresses and standing committees of local people's congresses elected

11 deputies to the Eighth NPC. The NPC Standing Committee today confirmed their qualifications. Now the Eighth NPC has total of 2,977 deputies.

Entrusted by the State Council, Tian Zengpei, vice minister of foreign affairs, today gave an explanation of a treaty on Sino-Canadian cooperation in justice for examination and approval by the session.

The agenda for the Third Session of the Eighth NPC—the draft namelists of the presidium and secretary general for the Third Session of the Eighth NPC, the draft work report of the NPC Standing Committee and the draft namelist of observers to attend the Third Session of the Eighth NPC were printed and distributed at today's meeting for examination and approval by the component members of the NPC Standing Committee.

Vice chairmen of the NPC Standing Committee Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Lei Jieqiong, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, Lu Jiayi, Buhe, Tomur Dawamat, Li Peiyao and Wu Jieping, and Secretary General Cao Zhi attended the meeting.

State Councillor Ismail Amat, President of the Supreme People's Court Ren Jianxin, and Procurator General of the Supreme People's Procuratorate Zhang Siqing attended the meeting as observers.

Eleven Bills Discussed

HK2102110295 Beijing ZHONGGUO XINWEN SHE in English 0925 GMT 21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (CNS)—The 12th Session of the Standing Committee of the 8th National People's Congress (NPC) opened here this morning. Altogether, 11 bills, the most ever presented at a Standing Committee Meeting in three years, were submitted for legislation.

The 11 bills were classified into four categories. The first category concerned democracy and political affairs in China and covered the Election Law and Local Organization Law. The second category involved judicial and law enforcement bodies of China covering the Judges Law, Procurators Law and Police Law. The above five bills were discussed at the previous Standing Committee meeting and were expected to be passed at this morning's meeting.

The third category with five bills, concerned legislation to build up and protect China's market economy: Company Law, Collection of Revenues (Revised) Law, Law of Guarantee, Law of Promissory Notes and Insurance Law. The fourth category concerned service of military officers in the Chinese People's Liberation Army.

As the current Standing Committee meeting was the only meeting between now and the 3rd Plenary Session of the 8th NPC to be held on March 5, some topics concerning the 3rd Plenary Session were also included in the agenda of the current Standing Committee meeting.

Discusses Corporate Law Violators

OW2102094595 Beijing XINHUA in English 0904 GMT 21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—China's top legislature is considering stiffening the penalties for those who violate the Corporate Law by raising the maximum penalty from three years' imprisonment to five.

This was revealed by Li Yining, vice-chairman of the National People's Congress Law Committee, today, when he was explaining to the NPC Standing Committee the revisions of the draft decision on punishing crimes against the Corporate Law.

Li said that some company owners and share-holders have made false claim about investments, some have issued shares or sold securities without permission, and some companies have concealed the amount of property in order to evade taxes. He added that quite a few property assessment agencies have been discovered to have provided false documents for illegal purposes.

"These crimes have been detrimental to China's economic order," said Li, who is also a renowned economist. He said, "It was suggested that the maximum penalty for these crimes be increased to five years in prison from three as was stated in the original draft."

The draft did not deal with levying fines, but gave specific instructions on the amount of fines of up to 200,000 yuan accompanying other kinds of punishment.

The current draft was part of the regulation on punishing violators of the Corporate Law and the Securities Law handed to the NPC Standing Committee in June, 1994. The Corporate Law went into force on July 1, 1994, but the Securities Law failed to be adopted after several attempts at deliberation.

Li said that a regulation on punishing violators of the Corporate Law is much needed, and at the same time, there should be effective enforcement of the law and maintaining of the economic order.

Zhang Wannian Submits Reservists Law

OW2102141795 Beijing XINHUA in English 1310 GMT 21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—A draft law on reserve force officers was submitted to the 12th session of the standing committee of the eighth National People's Congress (NPC) for discussion today.

The draft law has been approved by the State Council and the Central Military Commission, said Zhang Wannian, a member of the Central Military Commission and chief of the General Staff of the People's Liberation Army at the session, which convened today.

According to the draft, reserve force officers are recruited from among demobilized military officers and soldiers and graduates of non-military seats of higher learning.

The draft also lays out detailed clauses on the reserve force officers' ranks, registration, rights, training and service duties, as well as rewards and punishments.

The drafting of the law is intended to ensure the building of a solid batch of reserve force officers adequate in numbers, rationally allocated, well-trained and prompt in action to meet the demands of modern warfare, said Zhang.

Commercial Insurance Law Submitted

OW2102140795 Beijing XINHUA in English 1313 GMT
21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—China's first standardized commercial insurance draft law was submitted today to its highest legislative body—the National People's Congress (NPC) Standing Committee.

Zhou Zhengqing, deputy governor of the People's Bank of China, explained in his report to the twelfth meeting of the Eighth NPC Standing Committee, that the drawing up of the Insurance Law is of great significance for standardizing the insurance business, and safeguarding the legal interests of both insurers and insured.

Zhou added that it will also help strengthen the management of China's insurance market, and thus promote the healthy development of the insurance business.

He noted that China has made great progress in legislation regarding the insurance business since it adopted the reform and opening-up policies in late 1978. China also hopes for a big development of the national insurance business and insurance market.

There are now about 24 insurance companies in China, among which three are foreign-funded agencies, thereby breaking the monopoly of the official People's Insurance Company of China (PICC).

By the end of 1993 the insurance premium income totaled 54 billion yuan, an increase of 9.3 times compared to 1986. In the meantime, items of insurance have been developed to more than 400, and the total volume of premiums has reached 8,600 billion yuan.

However, Zhou pointed out that there are many problems still existing in the development of China's insurance business.

As he put it, management and supervision exercised of the insurance market are too weak; a fair-competition environment has not yet been formed; and some insurance companies have lowered their rate recklessly, thus seriously damaging their payment ability.

To solve these problems, the draft law suggests setting up a powerful state-owned insurance management organ.

To get into line with international practice, the law also demands that the insurance companies guarantee payment ability.

Deliberates Guaranty Law

OW2102140695 Beijing XINHUA in English 1357 GMT
21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—China's top legislative body today began to deliberate the draft law on guaranty.

The draft law, which is written in light of relevant articles on the Civil Law, foreign laws in this regard and internationally accepted practices, covers five guaranty methods, including mortgage and security deposits.

Gu Angran, chairman of the Law Committee of the National People's Congress (NPC), told the NPC's 12th session, which convened here today, that to reduce lending risks, more banks and financial institution now prefer extending loans on mortgage. Some enterprises have used guaranty to secure their transactions.

The Civil Law has some rules guiding guaranty activities, but they are too general to solve problems or disputes in this field, said Gu.

The draft law said that guaranty should be applied on a fair, equal, honest, voluntary and creditable basis. When providing guaranty to lenders, guarantors can ask debtors to provide counter guaranties.

It also defines that a guaranty contract subordinates the main contract. If a main contract proves invalid, its guaranty contract is invalid too. When the guaranty contract is declared null and void null, the debtor, guarantor and lender should shoulder the responsibility.

The NPC Law Committee began to work on the draft in 1992, noted Gu. Drafting the law is quite necessary in improving the guaranty system, promoting the flow of commodities, safeguarding the bank loans and commodity transaction, protecting the legal rights and interests of parties, safeguarding economic order and promoting the healthy development of the socialist market economy. Gu said.

NPC To Make Wu Bangguo, Jiang Chunyun Vice Premier

HK1802074195 Hong Kong LIEN HO PAO in Chinese
18 Feb 95 p 1

[Report by LIEN HO PAO Mainland News Center: "Wu Bangguo, Jiang Chunyun To Be Promoted to Vice Premiers"]

[FBIS Translated Text] Even though Communist China's third generation successors have not made a completely stable transition, they have started training the fourth generation successors. A Beijing source pointed out: At the National People's Congress [NPC] meeting scheduled for next month, the State Council will nominate Wu Bangguo and Jiang Chunyun, members of the Political Bureau of the CPC Central Committee and members of the Central Secretariat, as vice premiers of the State Council. The nominations are expected to be approved.

The source said: Wu Bangguo and Jiang Chunyun have been internally designated as candidates for vice premiership. After their induction to the Central Secretariat at the Fourth Plenary Session of the 14th CPC Central Committee last September, they started familiarizing themselves with the work they are in charge of. In terms of division of work, Wu takes charge of industry and reform of state-owned enterprises, while Jiang takes charge of agriculture. Both attended the anticorruption work conference held by the State Council and presided over by Premier Li Peng on 15 February and were listed after the four vice premiers, i.e. Zhu Rongji, Zou Jiahua, Qian Qichen, and Li Lanqing, but before the two political bureau members Wei Jianxing and Li Tieying.

It is learnt that after Wu and Jiang becomes vice premiers of the State Council, incumbent Vice Premier Zou Jiahua will be relieved of his post and will probably become NPC Standing Committee vice chairman.

Deng Rong Attends Book Ceremony in New York

OW1802061695 Beijing XINHUA Domestic Service in Chinese 1342 GMT 16 Feb 95

["XINHUA Dispatch" by reporters Xia Zhaolong (1115 0340 7893) and Ming Dajun (2494 1129 6511)]

[FBIS Translated Text] New York, 16 Feb. (XINHUA)—A ceremony was held in New York today to announce the first publication of the English-language edition of the book, *Deng Xiaoping, My Father*. Xiao Rong [Deng Rong], the author of the book, attended the ceremony.

David Lampton, president of the National Committee on U.S.-China Relations wrote the foreword of the English-language edition of this book. He said: "Deng Xiaoping, who is the last major leader of the contemporary world to have lived through both world wars, played a major leading role in the course of the long years of the Chinese Revolution."

The English edition of this biography, published and distributed by Basic Books of the United States, contains more than 20 photographs, maps, and inscriptions reflecting Deng Xiaoping's activities in different historical periods.

Since the book was published in China in 1993, it has been warmly welcomed by readers at home and abroad, and has been translated into Japanese, Korean, Thai, French, and English.

Basic Books gave a banquet today to mark publication and distribution of the book in the United States. Chinese Ambassador to the United States Li Daoyu, Chinese Permanent Representative to the United Nations Li Zhaoxing, and a number of well-known American figures attended the banquet.

Deng Asked 'Old Guard' To Help Young Leadership

HK2002062095 Hong Kong HONGKONG STANDARD in English 20 Feb 95 p 1

[By Cary Huang, China Editor]

[FBIS Transcribed Text] China's paramount leader Deng Xiaoping is making sure his policies will remain intact after his death by putting faith in the old guard. The ailing patriarch has instructed several reformist party veterans and military strongmen to intervene in policy-making and assist the young generation after his demise.

Mr Deng's message was recently revealed by former president Yang Shangkun. Mr Yang said the patriarch had asked several prestigious retired leaders and generals to assist the young leadership. The decision underscores Mr Deng's concern about a smooth power succession, Chinese analysts said. Mr Yang said the old guard's functions would be confined to assisting the third generation's leadership.

During Mr Yang's month-long tour of Guangdong over the Lunar New Year period, he revealed Mr Deng had asked party elders Bo Yibo, Wan Li and himself, as well as generals Zhang Aiping and Qin Jiwei to support the existing leadership headed by president and party general secretary Jiang Zemin. And in meetings with local officials, Mr Yang has repeatedly stressed the importance of collective leadership in the party's top hierarchy in the "face of new circumstances"—a euphemism meaning the post-Deng era, Chinese sources said. However, Guangdong sources said Mr Yang had omitted the phrase "with comrade Jiang Zemin as a core" when talking about collective leadership.

Mr Yang, a military strongman and also once a close aide to Mr Deng was forced to retire from all official positions in 1992 by the Chinese patriarch. This was reportedly because of his ambition to build a personal power base in the army.

At the last Communist Party plenum, the top decision-making Central Committee, passed a resolution confirming Mr Jiang as paramount Chinese leader. Mr Yang's omission of Mr Jiang's crucial role indicates the former's disapproval of Mr Jiang's succession to lead China in the post-Deng era, political sources said. Mr Jiang is concurrently chiefs of party, state and army.

Mr Yang's daring challenge to Mr Deng's mandate is also evidence the 91-year-old paramount leader is in critical condition, Chinese analysts said. Guangdong sources said while Mr Deng's health declined, rival factions within the party would try to consolidate their positions by visiting localities and military units. Senior party leaders have flocked to southern provinces in the past month, Chinese sources said, adding that Premier Li Peng, Li Ruihuan and Liu Huaqing had paid a visit to Fujian.

Jiang Zemin Said To Form 'Pact' With Leaders

HK2102063195 Hong Kong SOUTH CHINA MORNING POST in English 21 Feb 95 p 7

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] President Jiang Zemin has formed a pact with senior Politburo members under which the latter will support him in the post-Deng Xiaoping era in return for a larger degree of power-sharing.

Political sources in Beijing said yesterday that since late last year major policies, including diplomacy, had been decided on a "collective basis" by the seven members of the Politburo Standing Committee.

The senior politicians have agreed to preserve stability in the post-Deng era by throwing their support behind Mr Jiang.

The committee members are Li Peng, Zhu Rongji, Liu Huaqing, Hu Jintao, Mr Jiang and his potential competitors Qiao Shi and Li Ruihuan.

The sources said this government by committee accounted for the fact that delays and in some instances flip-flops had occurred on policies such as the response to Washington's threat of a trade war.

The Standing Committee usually meets every week or two weeks. Outside these meetings, policy papers are circulated among the seven members.

"In return for sharing his power, Comrade Zemin has been assured that there will at least be no overt challenge to his authority in the first year or two after Deng's death," a source said.

Western diplomats in Beijing said Mr Jiang had in the past two months taken "major initiatives" to consolidate his position.

The first was the announcement of an eight-point "reunification initiative" with Taiwan.

The second was the recent decision to crack the whip on corruption by "catching tigers instead of flies".

Diplomats said the detention last week of Zhou Beifang, son of the patriarch of Beijing's Shougang Corp Zhou Guanwu, for alleged commercial crimes would enhance Mr Jiang's position.

"Jiang wants to be seen as a politician who dares to take decisive action in the post-Deng era," a diplomat said.

"The message won't be lost on politicians in the other camps."

Meanwhile, Deng Rong, Mr Deng's third daughter, has continued to shore up Mr Jiang's authority by pointing out that he already had "a lot of leadership experience" when he was appointed party chief in June 1989.

"Even well before he became party Secretary-General, he was a minister in the central Government, a Politburo member for 10 years and a mayor of Shanghai," Ms Deng told Newsweek magazine.

"China's accomplishments over the past five years are very closely linked to his achievements as leader. This is something the Chinese people understand very clearly."

Jiang Zemin Discusses Economic Problems

AU2002160495 Hamburg DER SPIEGEL in German 20 Feb 95 p 146

[Unattributed report: "Party Chief Admits Mistakes"]

[FBIS Translated Text] Communist Party General Secretary Jiang Zemin, 68, who is to succeed Deng Xiaoping after his death, swore his oath of political manifestation [Offenbarungseid] at the end of last year already. In a confidential circular to the 319 Central Committee members, Jiang admits that Beijing has lost control of China's economy, and he warns of dramatic consequences. "Our country's social situation poses an increasing number of problems," the paper, which has been made available to DER SPIEGEL, says. "Security is so bad in some parts of the country that the masses have become very dissatisfied."

There is "uncontrolled proliferation," Jiang states. While the provinces and nationalized companies are wasting funds and evading taxes, the central government no longer has enough resources to fulfill its tasks. "It is unacceptable that our orders should not be obeyed," Jiang complains, and he begs the wealthy southern provinces, which failed to "meet their distribution tasks," to give him financial assistance. The party chief says the biggest problem is the "rampant inflation," which has "become unbearable for large parts of the population." In rural areas, where over 70 percent of the 1.2 billion Chinese live, the unhealthy development has "assumed alarming proportions." If the Communist Party fails to come to terms with inflation, "an essential pillar of our economic reform will collapse"—a hidden reference to the increasing number of strikes and farmers' revolts.

Although the major part of the circular by Deng's successor designate concerns the bad situation of the economy, it does not mention the name of Zhu Rongji, the deputy prime minister and reformer who is in charge of that sector. Instead, it indicates that Prime Minister Li Peng will devote himself to economic tasks. Yet, Jiang does not think that he will be able to solve the economic problems either: "We are still lacking the knowledge to control a modern market economy."

Jiang Zemin, Others Mourn Xia Yan's Death

OW1902150595 Beijing XINHUA Domestic Service in Chinese 0916 GMT 17 Feb 95

[FBIS Translated Excerpts] Beijing, 17 Feb (XINHUA)—On 17 February, personages from various circles of Beijing paid their last respects to the remains of Comrade Xia Yan in the Babaoshan Cemetery for Revolutionaries' auditorium. Xia Yan was an outstanding CPC member, loyal communist fighter, one of the forerunners of China's New Culture Movement, distinguished leader of the cultural front and revolutionary artist, well-known social activist, and cinema artist who made outstanding contributions to our country.

Hu Jintao, Ding Guangen, Li Tieying, and Song Ping were among those who bid farewell to Xia Yan. Zhao Ximing, Chinese People's Political Consultative Conference National Committee deputy secretary general, bid farewell to Xia Yan on behalf of Li Ruihuan.

There were wreaths from Jiang Zemin, Qiao Shi, Zhu Rongji, Rong Yiren, Qian Qichao, Yang Shangkun, Wan

Li, Wang Zhaoguo, Zhao Puchu, Ba Jin, Hu Sheng, Bing Xin, and Cao Yu. [passage omitted]

When Xia Yan was seriously ill, Li Peng, Li Ruihuan, Ding Guangen, Li Tieying, Wang Zhaoguo, and Zhao Puchu visited him in hospital. After his death, Jiang Zemin, Qiao Shi, Li Ruihuan, Zhu Rongji, Hu Jintao, Rong Yiren, Li Tieying, Wu Bangguo, Wen Jiabao, Yang Shangkun, Wan Li, Song Ping, Song Renqiong, and Wang Zhaoguo expressed sympathy to his relatives over the phone. [passage omitted on Xia Yan's biography]

Li Peng To Visit Guangdong Cities 'Next Month'

HK1902072195 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 19 Feb 95 p 1

[By Quinton Chan]

[FBIS Transcribed Text] Chinese Prime Minister Li Peng is set to visit Zhuhai and other Guangdong cities next month, the Sunday Morning Post can reveal. A source close to the Chinese side said Mr Li would arrive in the province late next month, a few days after the end of the National People's Congress full session meeting.

There he will deliver a government working report on the state of development on the mainland, just as he has done every year.

One of the main purposes of his trip is to officiate at the opening of Zhuhai Airport on March 26, when the biggest and most advanced airport in China will host its first flight to Beijing. He is likely to give a speech during the ceremony but details of the topics are not known at this stage.

The source said the trip could be seen as another demonstration by the country's top leaders that paramount leader Deng Xiaoping was still in good health. The move comes against a background of reports that he is in a coma and on a life support machine. Mr Deng's daughter, Deng Rong, recently visited the United States to promote her newly published book. She claimed that her trip showed her father's health was stable.

But the sources said that Mr Li's trip had no major implications concerning the power struggle in Zhongnanhai. There have been repeated reports suggesting that the fight between the conservatives—who include Mr Li and the reformists over the direction of economic reform has intensified.

It is expected that Mr Li will inspect the development of other Guangdong cities, including Shenzhen, Guangzhou, Zhongshan and Shekou. He is likely to visit new infrastructure projects in the area, including the Lingdingyang Bridge in Zhuhai, which is to link the Special Economic Zone and Hong Kong. Zhuhai officials have yet to reach agreement with the Hong Kong Government on the bridge project. Both sides still have to hammer out the plan for the Hong Kong end of the bridge in Tuen Mun.

The premier, known for his conservative views on the economy, is expected to hold discussions with local officials. It is believed he is likely to speak positively on the province's achievement despite the fact that the area is suffering from fast-rising inflation, as well as providing

guidelines for future reforms. The forthcoming trip would help to unite the provincial leaders, and ensure that central policies were fully implemented, the source said.

His visit, expected to last about a week, is also expected to turn the province into a crime-free area for the period. A crackdown on crime and pornographic activities is ready to swing into operation. When Mr Li visited the south in February last year to officiate at the opening of Daya Bay Nuclear Plant, he vowed to fight the rise of triads. He also called for a joint effort by the public and the police to crack down on crime.

Qiao Shi on Market Socialism Legal Framework

HK2102044395 Hong Kong CHINA LAW in English Dec 94 pp 8-11

[Interview with unnamed reporter: "To Establish the Legal Framework of Socialist Market Economy: Interview of Qiao Shi, Member of the Standing Committee of the Political Bureau of the Central Communist Party Committee, and Chairman of the Standing Committee of the National People's Congress"; place and date not given]

[FBIS Transcribed Text] Qiao Shi was elected the chairman of the Standing Committee of the Eighth National People's Congress of the People's Republic of China in March, 1993. People are glad to find that the Eighth National People's Congress and its Standing Committee have achieved a great deal in speeding up the economic legislation and consolidating the socialist democracy as well as the construction of legal system.

Qiao Shi, being once the secretary of the Committee of Politics and Law of the Central Communist Party Committee, secretary of the Central Communist Party Committee's Discipline Inspection Commission, and director of the Public Order Maintenance Committee of the Central Communist Party Committee, has done quite a lot for the construction of China's democracy and legal system.

On March 28, 1993, when he was elected the chairman of the Standing Committee of the National People's Congress, Qiao Shi pointed out in his speech that the Eighth National People's Congress and its Standing Committee will, under the guidance of Comrade Deng Xiaoping's theory on the construction of a socialism with Chinese characteristics and the spirit of the Chinese Communist Party's 14th Congress, further speed up the legislation process so as to offer a sound legal protection for China's modernization construction.

Recently, Qiao Shi spared some time from his busy agenda for an interview by a reporter from the journal, and in answering the reporter's questions, he gave his opinions on the acceleration of legislation, the establishment of a legal framework for the socialist market economy and the consolidation of socialist democracy and legal system construction.

Reporter: Either at the Meetings of the Standing Committee of the National People's Congress and or in the speeches made in your study tours, you said time again that the establishment and improvement of a socialist

market economy must be protected and regulated by a sound legal system. What is the present situation and task for our country's legislation?

Qiao Shi: The point was made clear both by the revised Party's Constitution of the 14th Party Congress and the amended Constitution of the Eighth National People's Congress that China will implement socialist market economy. This is the continuation and development of the reforms and opening up since the third plenary session of the 13th Party's Congress in 1978. The establishment of a legal system is a must for the development of socialist market economy. We have a heavy task for legislation to establish a legal framework fit for the development of socialist market economy.

There has never been a successful transition from the central planning economy to market economy in the world, so we have to feel for way on our own. The same is true of the establishment of a legal framework for market economy. Without a model to follow, we have to do it on our own, too. It requires a speedy development of legislation work to accelerate the reforms and opening up and to develop the socialist market economy. It will be particularly important for the old economic system to develop into a new one in the five years to come. It is an inseparable component part of the development of the socialist market economy to establish and consolidate an economic legal framework. There must be such laws to direct, regulate, guarantee and restrict the development of the socialist market economy. So the Standing Committee of the Eighth National People's Congress must seize the time in the next five years to make a series of laws concerning market economy so that a legal framework for the socialist market economy can be established. It will be an urgent and heavy task.

Reporter: The legal framework for the socialist market economy involves the content of a wide range and thus a lot of laws have to be enacted. Would do you like to tell us that the most important problems have to be solved at present?

Qiao Shi: It must be under the guidance of the theory for the construction of a socialist with Chinese characteristics and the Party's fundamental line to make the laws for socialist market economy. Meanwhile, the laws must be based on the constitution. We should be bold enough to learn in the practice of making the laws. We should tackle all the problems in the legislation in the spirit for reforms.

A. Legislative work should conform with the progress of reforms. We should learn from the experiences accumulated in the reforms, and put those proved correct in practice into the laws, and thus the fruit of the reforms can be consolidated. We must fully aware the role of law in guiding the development of social economy, and the development of the reforms and opening up should be standardized and directed by the laws. The power of the State should count in removing obstacles to the reforms and opening up, and thus the establishment of the structure for a socialist market economy can be promoted. We should grasp the core of Deng Xiaoping's remarks that it is better to have laws, and the laws should be made as quickly as

possible. For what should be renovated and reformed, laws concerned should be made in advance if possible. It should be avoided that legislative work lags behind the reforms.

B. Local interests should be subject to the overall interests of the State. To draft any bills should always proceed from the overall situation, and proceed from the point that interests of the State and people should be protected. The partial and local interests as well as power should never be improperly emphasized.

C. The laws should be based on the reality of China while the experience abroad can also be drawn on. The reality of our country, the measures implemented in the reforms, the laws and regulations already in effect should be carefully studied so that experience can be summed up in time for the improvement of them. We should be bold enough to draw on what is good in the legislation of foreign countries, and we should also learn from the lessons in the legislation of other countries. Some provisions of the laws and regulations from foreign countries can be directly transplanted if they are fit for the reality of our country, and then they can be improved in practice.

D. The legislation by local People's Congresses is an important supplement to the legislation of the Standing Committee of the National People's Congress. The National People's Congress and its Standing Committee must speed up its work making the laws for market economy, but it is impossible to work out all the laws concerned in a short period. The local People's Congresses and their Standing Committees should also hurry up their pace enacting local regulations for market economy. Those places where reforms and opening up started earlier should go up front as pilot zones in making economic legislation since they have accumulated more experience than other places. In addition, the economic development is unbalanced in different regions of such a big country, and the laws concerned can not involve the various circumstances. So the local legislatures may enact regulations for the implementation of the laws concerned taking into consideration of the reality of a specific region. But it is important that the local regulations made by local People's Congresses can never conflict with the constitution and national laws concerned. Those places where some reforms should be carried out for trial to get experience may put their controversial legal issues before the National People's Congress and its Standing Committee for a settlement through legal procedure if their local regulations do not conform with their national counterparts.

E. Full play should be given to the role of experts in the legislative work. Experts concerned should take part in the drafting bills by different departments. The specialized committees under the National People's Congress and the working committees of the Standing Committee of the National People's Congress should do more in organizing experts to draft bills, or they may entrust the drafting affairs with experts and scholars concerned.

F. Enough attention should be paid to the quality of legislation while speeding up the law-making works. Law theories should be carefully studied and the bills should be

discussed time and again before they become the laws. The articles should be as specific and concrete as possible for the convenience in implementation. Attention should also be paid to the coherent relationship among the different laws. The regulations for implementation should be made for some enacted laws as soon as possible, and some laws need to be interpreted. The inspection and supervision of the implementation of the laws should be strengthened to guarantee that the laws can effectively protect and promote the development of socialist market economy.

Reporter: What kind of laws are the most urgent at present as being required by the legal framework of the socialist market economy?

Qiao Shi: So far as the present situation is concerned, the laws in the following aspects should be worked out as quickly as possible:

A. The laws can standardize the subjects in market. The rights and obligations of the subjects in market must be specified and protected by the laws, which may guarantee that the subjects in market can manage themselves, be responsible for their own profits and losses, develop on their own and control themselves;

B. The laws can regulate the relationships among different subjects in market and can keep fair competition. The principles of willingness, fairness, equal price, honesty and trustfulness should be applied in socialist market exchange relationships. Thus the competition on the markets should be standardized and market order to maintained;

C. The laws can improve, consolidate macro regulation and can control, promote harmonious economic development. The macro regulation and control by the State over the markets must be improved and strengthened to deal with the weak points and negative aspects of the markets themselves. Some countries with well-developed market economy even believe that their market economy is under the strict macro regulation and control of the government. In the process of mechanism transition, China not only needs to free itself from old ideas to cultivate markets, but also should pay attention to the State macro regulation and control of the markets. Therefore, the laws of this kind should be worked out and improved as quickly as possible;

D. The law for the social security system should be worked out. A system is needed to provide relief to the bankrupt and unemployed caused by market economy. So attention must be paid to the law about social security. We should take into account the social stability whatever reform measures are taken and law are made.

The laws in the several aspects mentioned above are all indispensable for the establishment and improvement of the socialist market economy. What needs to be pointed out is the fact that we are undergoing a transition from central planning economy to market one. Some of the laws enacted before are not fit for the development of the socialist market economy, and need to be carefully sorted out, or amended or even to be abolished. Only in this way can the unity and harmony of the legal system for socialist market economy be guaranteed. At the same time, the

National People's Congress and its Standing Committee should also speed up the making of other laws, for example, the education law.

Reporter: You once said that the Standing Committee of the National People's Congress, sticking to the key point of economic construction should place its working emphasis on the carrying out of its functions and powers stipulated by the constitution to speed up economic legislation and improve supervision mechanism. Would you please say something about how the supervision should be conducted?

Qiao Shi: The Standing Committee of the National People's Congress should carry out well its function and power in supervision of the implementation of laws. It should establish a specific institutions and procedure to supervise the implementation of laws. It should stick to the point that the examination and supervision of the law implementation should be considered as important as the making of laws. The plan should be worked out for the inspection of the law implementation, and the inspection of the specific problems should be conducted. The hearing and examination of the inspection report should be put on the agenda of Meetings of the Standing Committee of the National People's Congress. If necessary, the Standing Committee can made decision on the settlement of the problems. The chairmen conference and its specialized committees of the National People's Congress should urge the departments concerned to solve the problems found out by the inspections. The State Council and departments concerned, the Supreme People's Court as well as the Supreme People's Procuratorate should report to the Standing Committee of the National People's Congress on the settlement of these problems. The Standing Committee can organize investigations to some bigger and typical cases, and if necessary, may make them public through the press. It also should urge the judicial departments to redress the wrongly-settled cases through legal procedures, and if necessary, the Standing Committee can employ some supervision means, such as to challenge parties concerned, to organize the investigation to some special cases, but never directly handle any cases.

Reporter: You always pay special attention to the fight against corruption and the construction of a clean government. Would you please talk something about how to wage wars against corruption in the establishment of a socialist market economy?

Qiao Shi: Something should be done in various aspects not only to alleviate the symptoms of the corruption but also to effect a permanent cure for the problem. Comrade Deng Xiaoping pointed out that the legal institution should be employed and it's more reliable for doing any thing. That means legislation should be intensified, implementation of laws should be strictly so as to use the legal means against corruption. In recent years, the National People's Congress or its Standing Committee have enacted a series of laws to specify the punishments and penalties against embezzlement, bribes, smuggling, prostitution and drug trafficking. These laws have provided the legal basis for the fighting against corruption and economic crimes. Now the

problem is that there is something to be desired in the implementation of these laws. Many countries take it as an important means to keep the clean governments by implementing laws strictly. These laws and regulations should be strictly abide by and implemented, and everybody is equal before the law. And any persons or organizations are not allowed to go beyond the jurisdiction of the law. The characteristics and regularity of the corruption under socialist market economy should be carefully studied so that laws and regulations for the establishment of a clean government can be enacted and improved. The legislation must be strengthened, the making of economic laws in particular, to promote the establishment of a sound socialist market economy and to prevent the corruption from occurring. The inspection and supervision organs of the Party and State must be further improved. The supervision by the Party organizations, by the State departments, by the Chinese People's Political Consultative Conference, by the great masses and by the public opinion should be organically combined into a strong supervision system. The National People's Congress and its Standing Committee as an organ of the State power should supervise according to law the work of administration, judicial and procuratorial departments. They should listen to the reports from the government, people's courts and people's procuratorates on the corruption problems which are of great concern for the people, and then urge the departments concerned to solve the problems. The National People's Congress and its Standing Committee should support and urge the judicial organs to timely investigate and deal with the big and important cases. The National People's Congress and its Standing Committee should conscientiously handle appeals, complaints and accusations from the people. The officials elected and appointed by the National People's Congress and its Standing Committee who are found out to have conducted such corruption as embezzlement and bribes should be investigated, dismissed from their post and punished according to law. The construction of socialist spiritual civilization should also be emphasized in combat against corruption because it can help to establish a healthy social mood.

Reporter: Mr. Chairman, you have given an important talk today, and our readers will certainly show great concern for the talk. Thank you for squeezing time from your busy agenda for this interview.

Li Lanqing Sends Message To Machine-Building Forum

OW170223295 Beijing XINHUA in English 1640 GMT 17 Feb 95

[FBIS Transcribed Text] Beidaihe, February 17 (XINHUA)—China will take measures to improve the efficiency of its machine-building industry and to develop it into one of China's pillar industries, according to a national conference, that ended here today.

Vice-Premier Li Lanqing said that China's machine-building sector has made many achievements since China started adopting reforms and opening up in the late 1970s, such as in product variety and quality, and in the scale of production.

Some other long-term problems, however, should be solved by adopting both practical and effective measures, Li said in a message sent to the conference.

He pointed out that the supply of ordinary mechanical products has exceeded demand, while at the same time markets are suffering from a lack of special-use products and technology-intensive ones.

An irrational industrial structure and unnecessary repeat production are causes of certain low productivity and poor economic efficiency, he noted.

Li called on those working in this sector to set up some large enterprise groups and to diversify their production on a fairly large scale. The machine-building enterprises should tighten up their management and improve product quality to a measurable degree.

Mechanical goods for export should be concentrated in complete sets and hi-tech electromechanical products, Li explained, adding that foreign trade departments, customs offices, and banks should give full support to key export-oriented enterprises and their products.

He went on to say that the major task for China's machine-building and automobile industries this year is to carry out industrial policies and China, for its part, will attach importance to the production of basic machinery and key parts for automobiles.

China has drawn up an outline for the development of its machine-building industry, aimed at providing advanced equipment for other industries over the next 15 years, according to those present at the conference.

Minister of Machine-building He Guangyuan told the conference that the major task for the sector this year is to improve product quality.

Enterprises will adjust production and supply of products in accordance with market demand, and the proportion of hi-tech products among the total mechanical products is expected to rise three percentage points this year, it was explained at the conference.

Li Ruihuan Chairs CPPCC Leaders' Meeting

OW1702163795 Beijing XINHUA in English 1610 GMT 17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (XINHUA)—The 24th Meeting of Chairman and Vice-Chairmen of the National Committee of the Eighth Chinese People's Political Consultative Conference (CPPCC) was held here today, presided over by CPPCC Chairman Li Ruihuan. It was decided at the meeting that the 10th Standing Committee session of the Eighth CPPCC National Committee is to be held from the 24th to the 27th of this month in Beijing.

Those present listened to Zhu Xun, secretary general of the CPPCC National Committee, who spoke on preparations for the third session of the Eighth CPPCC, scheduled to

open on March 3. CPPCC National Committee Vice-Chairman Wang Zhaoguo and Deputy-Secretaries General Zhu Zuolin and Zheng Wanton, spoke on the relevant matters.

Those attending adopted drafts on personnel changes in the Eighth CPPCC National Committee, the draft work report of the Standing Committee of the Eighth CPPCC National Committee, and the draft agenda for the third session of the Eighth CPPCC, all of which will be submitted to the 10th session of the Standing Committee of the Eighth CPPCC National Committee for review.

Qian Liren, chairman of the CPPCC Foreign Affairs Committee, was appointed spokesman for the third session of the Eighth CPPCC.

Also discussed at the meeting were all special committees' summary reports of their work in 1994.

Ye Xuanping, Wu Xueqian and other vice-chairmen of the CPPCC National Committee attended today's meeting.

Li Tieying Inspects Jiangxi, Discusses Reform

OW2002125495 Beijing XINHUA Domestic Service in Chinese 1304 GMT 14 Feb 95

[By XINHUA reporter Lu Jing (4151 0513) and JIANGXI RIBAO reporter Wang Hui (3769 2547)]

[FBIS Translated Excerpt] Nanchang, 14 Feb (XINHUA)—During his recent inspection tour of Jiangxi, Li Tieying, member of the CPC Central Political Bureau, state councillor, and chairman of the State Economic Restructuring Commission, stressed that the general objective of reform has been clearly defined since the convening of the Third Plenary Session of the 14th CPC Central Committee. The major task for the present stage is probing, through experimentations, for typical examples in areas such as enterprise reform, social security system, and market development that can be popularized throughout the province, and probing for specific methods of establishing a socialist market economy.

Accompanied by Jiangxi Provincial CPC Committee Secretary Mao Zhiyong, Li Tieying inspected Shangyao, Yingtan, Dongxiang, Gongqing, and Nanchang from 10 to 14 February. Output in various sectors of the economy in Jiangxi increased considerably last year. The province reaped another bumper harvest following five years of consecutive bumper yields. [passage omitted]

During his inspection tour in Jiangxi, Li Tieying concentrated on studying the progress of deepening rural reform and carrying out reform experiments in various localities. He led the "company plus peasant household" operation mode being vigorously promoted in both urban and rural areas in Jiangxi can serve as a bridge "for bringing service into peasant households and leading farmers into markets." He pointed out: This type of joint establishments, which provide all-round service to farmers before production, during production, and after production, which share risks with farmers, and which are mutually beneficial, have, to a certain extent, solved the contradiction between socialized mass production and scattered

operations by individual peasant households. Such establishments have readjusted the relations of production in rural areas, thus enabling production factors to play a still greater role after reorganization.

Li Tieying pointed out: To fulfill this year's reform tasks, it is necessary to pay attention to properly handling the relationship among reform, development, and stability; the relationship between key reform projects and supporting report projects; the relationship between the general objective of enterprise reform and the current tasks of enterprise reform; and the relationship between insistence on standardized procedures and pushing ahead reform in line with reality. Economic restructuring departments in all areas should conduct experiments to boldly explore specific ways for establishing new systems within the framework of the general objective of reform set by the central authorities. Enterprise reform should be the priority. Marked progress in enterprise reform should be made this year. Special efforts should be made to set some examples in, or find a way for, the establishment of a modern enterprise system. At present, special attention should be given to carrying out the reform of the social security system and creating a social environment for enterprise reform.

While attending a discussion meeting with comrades from Jiangxi's Economic Restructuring Commission, Li Tieying called on comrades of all economic restructuring departments to cherish reform, dedicate themselves to reform, study hard, and strive to improve themselves. [passage omitted]

He said in the new situation, party committees at all levels should make special efforts to strengthen leadership over reform. Improved coordination is the key to advancing reform.

NPC Vice Chairman Tomur Dawamat Inspects Hainan

HK2102015295 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 17 Feb 95

[FBIS Translated Excerpt] Tomur Dawamat, vice chairman of the National People's Congress [NPC], inspected Hainan recently. At Haikou's Cuiyuan Hotel yesterday afternoon, he met with leaders of the relevant provincial departments. Xin Yejiang, vice chairman of the provincial people's congress; Huang Baoxhang, director of the provincial planning department; Lin Daoqun, deputy director of the provincial economic structural reform office; and other relevant leaders; reported to the meeting on Hainan's economic construction, reform, opening up, and social order since the establishment of Hainan Province. They also asked the relevant central departments to help Hainan resolve its problems.

Tomur Dawamat said: Since its establishment, Hainan Province has developed rapidly. Hainan is rich in natural resources. [words indistinct]

At a time when the state is strengthening macroeconomic regulation and control, some localities in Hainan are

introducing foreign capital for their development. Nationality solidarity in Hainan is good, and the provincial government has made good achievements in exercising management over society, as well as in curbing pornography, gambling, and drug trafficking. [words indistinct]

Regarding current problems, he pointed out: At present, the gap between urban and rural areas has widened. There is a need to improve the lives of people at the grass-roots level. [passage omitted including indistinct portion]

In conclusion, Tomur Dawamat said that reform, development, and stability must be closely integrated. [words indistinct]

Peng Peiyun Attends Yunnan Meeting

HK1802021595 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 13 Feb 95

[FBIS Translated Text] On the night of 11 February, Peng Peiyun, state councillor and minister of the State Family Planning Commission who was in Kunming, listened to reports by the leading comrades of the Yunnan CPC Committee and the provincial people's government, and exchanged views with the latter on such work as family planning, public health, and narcotics control.

Comrade Peng Peiyun said: The Yunnan provincial party committee and government have attached great importance to family planning work, have taken many measures in line with actual conditions, and have achieved great success.

Comrade Peng Peiyun stressed: As the conditions of various localities are different, and as the state of social and economic development varies from place to place, specific guidance should be given in carrying out family planning work. In view of the characteristics of border nationality areas in Yunnan, we should pay close attention to the building of grass-roots family planning units, to the enhancement of the grass-roots service network, and to the training of family planning personnel, and should constantly improve the standard of administration and service.

Speaking on public health work, Comrade Peng Peiyun pointed out: Great changes in Yunnan's public health situation have taken place since liberation, with great achievements scored. As Yunnan has a long border and adjoins several countries via common mountains and rivers, we must guard the southern pass, and must do a good job in narcotics control and AIDS prevention.

Comrade Pu Chaozhu, secretary of the provincial party committee, said: We are grateful to the leading comrades of the State Council and the State Family Planning Commission for coming to our province to help and guide our work. We have scored considerable achievements in such aspects as family planning, public health, and narcotics control, but we still lag behind others in many respects. We definitely must narrow the gap and improve all types of work in line with the requirements set by the party Central Committee and the State Council, and in light of Yunnan's actual conditions.

Liang Jinquan, deputy secretary of the provincial party committee, and Vice Governors Huang Bingsheng and Zhao Shumin were also present at the meeting.

Associate of Dissidents Jailed

HK2102063095 Hong Kong EASTERN EXPRESS in
English 21 Feb 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] Beijing has sentenced a close associate of two prominent dissidents to three years in prison in a verdict that human rights groups say is illegal and politically motivated.

The jailing of Bi Yimin on charges of misappropriating funds could come as an embarrassment to China following the arrival in the capital last night of the United States Energy Secretary, Hazel O'Leary.

Bi was the financial manager of a Beijing company run by the dissidents Wang Juntao and Chen Ziming, both of whom were released from prison last spring after serving sentences for counter-revolutionary activities.

The releases were widely seen then as part of Beijing's successful campaign to win renewal of China's most-favoured nation trading status in the U.S. without attached human rights conditions.

Wang went to the U.S. to seek medical treatment, but Chen refused offers to go abroad, fearing an attempt to send him into forced exile.

Beijing was "trying to limit the damages of those releases", Robin Munro, the Hong Kong director for the New York-based group Human Rights Watch/Asia, said. "By persecuting their colleagues they're sending a warning against attempts to restart their previous activities."

Bi, 43, was convicted by the Beijing Fangshan District Court last Tuesday for allegedly stealing about 40,000 renminbi (HK\$38,000) between 1991 and 1993 from a research institute set up by Wang and Chen.

Munro said the court's admission that Bi's case was decided by the group of court and party officials known as the adjudication committee rather than by the panel of judges chosen for the case made the verdict unconstitutional.

"They often do this in political cases, but I have never seen it stated so bluntly," he said.

Bi was convicted despite written denials of the charges by both Wang and Chen, who argued that everything he did fell within the scope of his authority as the institute's director.

The funds were used to buy medicine and books for Wang and Chen while they were in jail.

Chen's wife, Wang Zhihong, said from Beijing last night that requests by herself and Chen to appear before the court had been denied. She added that the listing of her name as a witness against Bi in the verdict statement was "outrageous and insulting".

Bi, who was active in both the Democracy Wall movement of the late 1970s and the Tiananmen Square protests of 1989, has been held without trial since October 1993.

Friends refrained from raising his case with the international community in the hope that justice would work its course and he would be released.

"At first, we thought we could resolve the issue by working with the court officials in good will to provide evidence on the case. But later we discovered that the case was just an excuse," Wang Juntao said from the U.S. last night.

"This conviction was made under pressure from senior officials in the Chinese government. The local prosecutor told us as much. Bi never had a chance."

Bi's lawyers have lodged an appeal that is scheduled to be heard on Friday.

If the appeal is rejected, Bi will be eligible for release in October 1996.

State To Launch Lower-Income Housing Project

OW2102045395 Beijing XINHUA in English 0227 GMT 21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—The State Council, China's highest governing body, has worked out regulations for the implementation of a large-scale housing construction project.

The Anju ("spacious and comfortable housing") Project, a program that aims at building more houses affordable for low- and medium-income urban families, is due to be started in 59 large cities and work units.

The regulations include details for construction funds, land for construction use and sales of houses.

A system of raising money for the project among the public should be put into place among more than 60 percent of the workers in these cities and units. More than half of the necessary funds for the project should be raised in the cities before the start of the project, according to the regulations.

Other sources of funds will be housing funds, revenues from sales of houses paid in advance and other sources. In addition, banks will provide loans for the project.

The houses constructed will be sold to urban low- and medium-income families at cost price, with priority given to retired people, teachers and those who have special housing difficulties.

These people can buy the houses by mortgage, with the repayment made in no more than ten years and the first-time repayment making up no less than 40 percent of the housing price.

Land for construction use and the cost of corresponding urban facilities construction will be met by the local city governments. The entire project must be nonprofit-making, and various methods will be used to lower the cost prices.

Program Planned To Ease Severe Housing Shortage

HK1802081595 Beijing CHINA DAILY in English 18 Feb 95 p 2

[By Yang Yingshi: "Plan Aims to Remedy Shortage of Housing"]

[FBIS Transcribed Text] China has embarked on an ambitious programme to promote housing reform and ease the severe lack of housing for middle- and low-income families.

The programme, known as the Comfort Housing Project, is also designed to accelerate residential construction.

Housing is a focus of the State's construction strategy this year, Vice-Minister of Construction Li Zhendong said yesterday in Beijing.

The five-year project is aimed at building new dwellings with a total floor space of 150 million square metres and selling them to medium- and low-income urban residents at cost.

"Priority will be given to families whose housing is seriously inadequate," Li said.

Housing covering 12.5 million square metres of floor space is to be built this year in 58 large and medium-sized cities. The cost is estimated at 12.5 billion yuan (\$1.5 billion), with 5 billion yuan (\$596 million) to be provided by central government loan and 7.5 billion yuan (\$892 million) to be raised by local governments.

China has seen a remarkable improvement in the living conditions of urban residents thanks to an amazing development in housing construction in the past decade, Li said.

The per capita housing space of urban residents has increased to 7.7 square metres from 3.7 in 1979.

But some 4 million urban residents still have less than 4 square metres of living space.

And housing of more than 30 million square metres in floor space is in urgent need of renovation.

Many luxury residential and office buildings have been built in the past few years, to the neglect of affordable housing.

Although Li gave no specific prices, he said every effort would be made to keep the cost of the new housing down while ensuring its quality.

Local governments are urged to offer every possible support for the project including providing land at reduced prices and allocating funds for supplementary facilities.

The Ministry of Construction has set its target at raising the national average living space to 8 square metres per person by the end of the century.

Ministry Forms Rules To Complement Prison Law

HK2002150795 Beijing CHINA DAILY in English
20 Feb 95 p 2

[By Ma Chenguang: "New Rules For Prisons To Support Recent Law"]

[FBIS Transcribed Text] A set of regulations is being drafted by the Justice Ministry to complement the Prison Law and help with its enforcement.

The rules deal with matters including the organization of prisons and the handling of juvenile offenders, Justice Minister Xiao Yang said on Saturday.

Detailed rules on the implementation of the Prison Law are also being drafted, Xiao said at the closing of a meeting of justice administrators in Beijing.

The Prison Law was passed on December 29 last year and went effective immediately. It aims to provide uniform management for China's 685 prisons and 1.28 million inmates.

All prison staff nationwide are to receive training to master the new law and change outdated ideas, Xiao said. Stricter supervision of prisons will gradually be established.

Apart from rooting out any corruption or other wrongdoing within the prison circles, a state compensation and duty-seeking system in law enforcement in prisons will be introduced to treat mistakes by the police, Xiao noted.

Appropriate facilities, policies, and training are all required for a modern prison system, Xiao said.

With the state's determination to provide the funds needed to upgrade prison equipment and accommodation, the question of facilities is not hard to resolve, Xiao said.

This will free up prison administrators to focus on improving the quality and training of security staff, the prison management system, and the education and work system.

All this will help prisons more effectively achieve their aim of reforming inmates.

Much has been accomplished in the fields of prison theory and research in the 45 years since the founding of the People's Republic of China.

And the work accelerated after 1979, when China embarked on reform and opening up.

More than 200 books and 3,000 academic papers on the theory of reforming criminals have been published since 1979, Xiao said.

A total of 670,000 copies of 36 periodicals are circulated annually to disseminate information throughout the prison system.

Bi Qun New Capital Iron, Steel Corporation Head
OW1902152795 Beijing XINHUA in English 1454 GMT
19 Feb 95

[FBIS Transcribed Text] Beijing, February 19 (XINHUA)—Bi Qun was appointed chairman of the board of directors and secretary of the Chinese Communist Party committee of the Capital Iron and Steel Corporation (Shougang), one of China's steel giants, replacing Zhou Guanwu.

Bi, 55, who used to be general manager of the Baotou Iron and Steel Corporation, has been vice-minister of China's Metallurgical Industry since 1993.

The new replacement was announced last Tuesday [14 February] and the decision was taken because of the old age of Zhou Guanwu who turns 77 and the need for the future development of the steel giant, sources said.

"I'm 77 this year and I have been feeling that my energy is flagging day by day," Zhou said, adding that "Shougang has been developing fast, yet my physical strength and energy are declining and I'm no longer competent at the job."

Having been home for some time and feeling quite well, Zhou said that he would continue to concern himself with Shougang's development.

According to Shougang sources, Bi Qun has been working on his new post since last Tuesday. Bi said his replacement would not affect the progress of reform and the development of the steel giant, on the other hand, it would greatly promote the giant's reform and opening up to the outside world.

The corporation's decision-making power and relevant policies will remain unchanged and will carry forward its tradition on the basis of the successes it has achieved and greater contribution to the country, Bi stressed.

In an exclusive interview with XINHUA Saturday, Luo Bingsheng, general manager of the corporation, said the corporation's overseas business will retain its fast development momentum though Zhou Beifang, head of the Shougang Concord (Hong Kong) International Enterprises Ltd. has been detained for his interrogation in connection with an economic crime case. Zhou Beifang has been replaced by Zhang Yanlin. Zhang, 55 and has been working in metallurgical industry for over 30 years, will go to Hong Kong shortly to take office.

At present, he added, production and administrative work are normal and the workers are doing their best to ensure greater successes this year.

Shougang Concord Manager Arrest Rumors 'Groundless'

OW2002113095 Beijing XINHUA in English 1000 GMT
20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—It is confirmed here today that Li Geng, general

manager of the Hong Kong-listed Shougang Concord International Enterprises (Hong Kong), now is in Beijing to report on his duties, instead of "being arrested" as rumors go.

Reliable sources denied Li's arrest as "totally groundless", saying that Li, who is also a director of the Shougang Concord Grand (Group) Ltd. is reporting on his duties at the Capital Iron and Steel Corp. in Beijing.

Official in Oriental Plaza Project Arrested

HK1802081395 Hong Kong EASTERN EXPRESS in English 18 Feb 95 p 1

[By Wang Xiangwei]

[FBIS Transcribed Text] Senior official in the Beijing mayor's office has committed suicide and another official in the office of the city's Communist Party secretary has been arrested, sources said yesterday. Both were involved in the controversial Oriental Plaza project in the Wangfujing district in central Beijing.

It is believed that the two officials were close to the mayor, Li Qiran and the municipal party boss, Chen Xitong. Sources said there has been much speculation about the two officials in the Chinese capital in the past two weeks. The reconstruction project attracted attention after a row erupted when McDonald's was asked to move out to make way for the redevelopment, even though the hamburger chain had a 20-year lease on the site.

Beijing officials declined to comment on the reported suicide and arrest. The Cheung Kong Group owned by the Hong Kong tycoon Li Ka-shing had signed an agreement with the Beijing municipal government to develop a piece of Wangfujing into Oriental Plaza for an estimated US\$1.8bn. But the project ran into difficulties after McDonald's refused to vacate the site. Later, the construction of Oriental Plaza was halted by central government officials.

It has been reported that because of Li's strong connections in Beijing, local authorities allowed the project to begin with a minimum of red tape.

XINHUA Commentator on Social Order

OW2002134795 Beijing XINHUA Domestic Service in Chinese 2116 GMT 19 Feb 95

[Commentary by unidentified XINHUA special contributing commentator: "We Must Genuinely Implement the Leadership Responsibility System for the Comprehensive Management of Public Security"]

[FBIS Translated Text] Beijing, 19 Feb (XINHUA)—In a bid to better adhere to the strategic thinking of "carrying out the policy of promoting the reform and opening up drive with one hand and cracking down on severe crimes with the other and putting equal emphasis on both," to enable all levels of relevant leading cadres of party committees, governments, departments to truly undertake the political responsibility of ensuring public security in areas under their administration, the Committee for Comprehensive Management of Public Security under the CPC

Central Committee, the Commission for Discipline Inspection under the CPC Central Committee, the Organization Department under the CPC Central Committee, the Personnel Ministry, and the Supervision Ministry jointly formulated the "Certain Provisions on Implementing the Leadership Responsibility System for the Comprehensive Management of Public Security" (referred to hereafter as "provisions") in November 1993. They called on all levels of party committees and governments to establish the leadership responsibility system for comprehensive management of public security, to set the targets for leading cadres in all levels of party committees, governments, and departments to perform well the tasks of comprehensive management of public security and to ensure a good social order in areas under their administration during their terms, and to directly link party and government cadres' job performance evaluation, promotion, rewards and punishments with their work on the comprehensive management of public security. The promulgation and implementation of the "provisions" have provided a strong and effective guarantee for and greatly promoted the work of the comprehensive management of public security.

More than one year since the promulgation of the "provisions," relevant departments in provinces, autonomous regions, municipalities, and departments under the CPC Central Committee have promptly formulated concrete and detailed rules for implementation by taking real conditions in localities and departments into consideration. Many top local party and government leaders publicly said that they were the number one persons in charge of public security in their regions and that they would give priority to the task of the comprehensive management of public security. Many major leaders in provinces, autonomous regions, and municipalities signed letters of responsibility with major leaders in prefectures (cities), enhanced the leadership over the work of comprehensive management of public security in all departments, and placed this task high on the agenda.

Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has repeatedly stressed that to build socialism with Chinese characteristics and to engage in the four modernizations, China must take a two-handed approach—namely, embark on the construction with one hand and crack down on crimes with the other. The drive to crack down on crimes will continue as long as we continue with the policy of reform and opening up to the outside world. This is a long-term task which must be carried out in the entire process of reform. Only by doing this can the policies on reform and opening up be correctly implemented. If we fail to do a good job on social order and if social order keeps on degenerating, the society will become a place where corruption, robbery, theft, and embezzlement run rampant. That will bring about a change in the nature of the entire economy; even if we succeed in the economy, the success will be devoid of meaning. Therefore, doing a good job in social order and maintaining social stability are not only the pressing demands of the broad mass of the people but also the requirements for social development and for building socialism with Chinese characteristics.

Social order is a complex social issue. To ensure an effective crackdown on and prevent crimes and maintain a good social order, it is necessary to mobilize the entire society to come to grips with this issue and to practice the comprehensive management of social order. Mobilizing the entire social forces to grapple with public security is a superior element of our socialist system and a concrete embodiment of an excellent tradition that integrates specialized organs with the mass line. In late 1970's and early 1980's, the CPC Central Committee, after summing up the public security work's experience, put forward the policy of the comprehensive management of public security. In 1991, the CPC Central Committee, the State Council, and the National People's Congress Standing Committee adopted the "Decision on Enhancing the Comprehensive Management of Public Security." "Enhancing the Comprehensive Management of Social Order and Maintaining Long-Term Social Stability" was written into the general program of the "Party Constitution" at the 14th CPC National Party Congress. Therefore, doing a good job in the comprehensive management of public security has become a common task for the entire party and society, particularly an unavoidable political responsibility for major party and government leading comrades.

The "provisions" laid down by the two commissions, two ministries, and one department were formulated in line with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and with the party's basic line, which is an important measure to enhance the comprehensive management of public security and to ensure the long-term social stability. Every party member, party and government leading cadres in particular, should, proceeding from the high plane of building socialism with Chinese characteristics, fully recognize the important significance of practicing the leadership responsibility system for the comprehensive management of public security, enhance sense of responsibility, exert extra efforts in work, and bring about the prompt implementation of various measures on the comprehensive management in their regions and departments through their own actual moves.

The formulation of the leadership responsibility system further improved the encouragement and supervision mechanisms of leading cadres' coming to grips with the work of the comprehensive management of public security. The broad mass of the people gave their support. All levels of party and government leading comrades also attached importance to and welcomed it. Taking it as a cue, many party and leading cadres made sure that upper-level departments oversee the implementation of the "provisions" by lower-level departments and that measures on the comprehensive management of public security were quickly implemented in all grass-roots units. When summing up last year's work at the end of last year and at the beginning of this year, many localities and departments treated the checks on the implementation of the leadership responsibility system for the comprehensive management of public security as an important task. They carried out strict evaluations; they made sure that party and government leading cadres' ability and performance in handling the comprehensive management work were linked with

their administrative performance evaluation, promotion, and rewards and punishment. In line with the requirements set forth in the "provisions" recently, provinces and autonomous regions, including Liaoning, Jilin, and Xinjiang affixed the responsibilities of relevant major party and government leaders over the breakout of several major fire cases last year. This has produced a good social impact. This also helped enhance all levels of party and government leaders' sense of political responsibility to ensure security in their areas.

Comrade Jiang Zemin recently pointed out: "Certain Provisions on the Implementation of the Leadership Responsibility System for the Comprehensive Management of Public Security" worked out by two commissions, two ministries, and one department is a good document." He stressed: "It goes without saying that party and government leaders must undertake the political responsibility to ensure security in their regions and assume the overall responsibility for social stability and security conditions in localities." He added: "Whether one has done a good or bad job done in the area of political and legal work and in the comprehensive management of public security needs to be made into one of the important criteria to evaluate leading cadres' administrative performance." This is a full affirmation of the major significance of practicing the leadership responsibility system for the comprehensive management of public security and a strong driving force for further implementing the leadership responsibility system for the comprehensive management of public security. In the new year, all levels of party and government leading comrades should correctly handle well the relationship between reform, development, and stability. They are urged to genuinely assume the political responsibility of ensuring security in the areas under their administration in addition to engaging in the tasks of deepening the reform, expanding the opening up, and of developing the economy. They are also urged to include the task of really doing a good job in the comprehensive management of public security as one of the targets during their official terms, to comprehensively implement various measures on the comprehensive management of public security, to help maintain social stability, and to strive to realize the various tasks set forth by the CPC Central Committee and by the State Council.

Scholars Compile Books Helpful to Policy Making

OW2002081895 Beijing XINHUA in English 0757 GMT
20 Feb 95

[FBIS Transcribed Text] Shenyang, February 20 (XINHUA)—A number of books of information compiled by Chinese scholars have offered some valuable propositions on decision-making on a wide range of issues in the areas of social and economic development.

One, entitled "Analysis and Prospects of 1994 and 1995 Economic and Social Situation," became the focus of attention of local governmental groups and scholars, shortly after its completion at the end of last year in northeast Liaoning Province.

The only previous work of comparable scope was one from the Beijing Social Science Academy, entitled "Analysis of Beijing's Economic and Social Development".

This work is basically unprecedented since China used to embrace a central planning economic system under which all economic information was related entirely to production norms set by the central government.

As early as in 1979, Yu Guangyuan, a famous economist with the Chinese Academy of Sciences, had already proposed that scholars prepare a white book on the economy, stirring great interest among Chinese academics.

Scholars have come to understand that, during the period of far-reaching change to a market economy, the books can function as a sort of encyclopaedia providing a great deal of diversified information about how to meet the urgent demands of different enterprises, trades, and regions.

In 1989, a set of books compiled by Wu Jinglian, an economist, entitled "Analysis of China's Economic Situation", started to be published.

Subsequently, a series of books in this category appeared in the following years, concentrating on analyses and prospects of China's economic and social development.

Persons in government departments have a high opinion of these books, commenting that scholars have supplied indispensable references and companion pieces to the policy making of governments at all levels.

Collector Attempts To Auction Mao Statue

HK1802020295 Beijing ZHONGGUO XINWEN SHE in English 1305 GMT 17 Feb 95

[FBIS Transcribed Text] Wuhan, February 17 (CNS)—A collector for items closely related to late Mao Zedong including Mao's statues and badges has been locked in trouble since the second half of last year when he made public an attempt to auction a rarely seen Mao statue at a price of RMB [Renminbi] 1 million. The controversy has not yet been settled.

During the period when the Cultural Revolution came to a climax, a machinery factory under the then Ministry of Aero-Space Industry cast a big Mao statue measuring 2.85 metres high and weighing 1.65 tons out of great respect to this leader. Material used in the making of the statue included best quality aluminum-magnesium alloy and the volume was so big that it could be used to produce a fighter. After learning this matter Mao was very angry and raised great opposition to the making of a statue for him. The already finished statue was therefore stored in a military warehouse for 26 years.

The collector called Chen Changjun who founded a complex in which various items related to Mao were collected bought the statue in 1993 and spent RMB 10,000 in transporting the statue to Wuhan.

Chen signed an agreement with a Hubei auction company and relevant department on the auction of the statue at a base price of RMB 1 million which was originally set for December 26 last year in order to raise capital for further

development of the complex. A reply from the central authorities, however, said that a sale of the statue of the late leader out of commercial purpose was not considered a solemn practice. The central authorities added that no commercial publicity for the statue could be made. This matter then became a hot topic in the news media sector and within relevant departments.

The collector said recently that even though he was caught in trouble he was trying his best in accordance with law and regulations to make the auction possible.

Science & Technology

'Strong' Evidence Shows Satellite Exploded First

HK2002043295 Hong Kong TA KUNG PAO in Chinese 20 Feb 95 p A1

["Special dispatch" from Chengdu 19 February: "Scattered Remains at Xichang Satellite Launching Site Shows Wreckage of Satellite Drops First and Then Wreckage of Rockets"]

[FBIS Translated Text] According to a source, when gathering the remains of the exploded "Apstar 2" satellite and the "Long March" rockets at the Xichang Satellite Launching Site, the order of the scattered remains of the two objects gives strong, clear evidence that the remains of the wreckage of the satellite were first spotted before those of the wreckage of the second-stage and first-stage rockets and the booster. In accordance with the regular relay work form, the booster should have been spotted first and then the first-stage and second-stage rockets and the satellite entering the orbit. This precisely reverse scattering phenomenon has led people to reach the only possible inference that the satellite exploded before the rockets.

The wreckage of the U.S.-made satellite were taken back to the United States on 13 February by a Boeing 747 dispatched by the U.S. side.

Daily Blames Satellite for Explosion

HK2002141495 Hong Kong TA KUNG PAO in Chinese 20 Feb 95 p A1

["Special article" by TA KUNG PAO news team: "After Studying and Analyzing Photos, a Space Expert Points Out the Flame at the Rocket Head Is Definitely Coming From the Satellite"]

[FBIS Translated Text] This newspaper took a batch of photos to consult an expert in astronautics science and technology about the cause of the satellite-rocket explosion at Xichang Satellite Launch Center on 26 January. After carefully studying the photos, the expert said that at least three points were certain through analysis: First, abnormal flames first emerged from the part where the satellite was placed. Second, even when the rocket head was burning, the first stage of the rocket was still working normally. Third, from the light given off by the explosion, the shape of the rocket propellers and the blue line between the first stage and the second stage of the rocket could still be seen,

showing that at the very moment of explosion, the structure of the rocket was still in good condition and no abnormality existed within the rocket.

Could one say then that the flame at the head of the rocket came from the satellite? The expert replied: The head of the rocket is composed of two parts. One part is a shell or cowl to protect the satellite, made of special waterproof, fireproof, and pressureproof material. The other part is the satellite itself, which carries its own engine. Inside the satellite engine, there is fuel and the fuel is the only combustible item at the head of the rocket.

In addition, could the flame at the head of the rocket be caused by a leakage of rocket fuel? The first two stages of the Long March 2E rocket comprised two connected cylinders, the second stage being closer to the part on fire. The second stage did not carry any fuel, and only carried combustion-supporting oxidants. Only the first stage, or the bottom of the rocket carried fuel. If there was any leakage of the rocket fuel, flames would have arisen from the middle part of the rocket because, while the rocket was flying at high speed, even if the fire spread rapidly it would only spread downward and would never spread upward to the head of the rocket.

"This means that the fire at the head of the rocket could only come from the satellite," he said.

The expert said: The two satellites, exploding in late 1992 and last month, were both HS601 satellites made by Hughes Corporation of the United States. According to rough statistics, Hughes has so far produced 18 satellites of this type and these 18 satellites have been launched separately by France, the United States, and China. France's Ariana launched 10 with nine successes with only one satellite failure, "PanAm-3," which fell into the Atlantic Ocean five minutes after liftoff together with the rocket. It was said that the accident was caused by the rocket. The United States itself launched four with three successes. One satellite failed to enter its orbit due to rocket problems. China has launched four satellites of this type with two successes and two failures. The two failures were caused by the satellites.

It has been learned by these reporters from other sources that, after the satellite made by Hughes, the one to be launched on 26 January, was shipped to China, the U.S. side demanded that 12 guards be assigned to strictly watch the satellite day and night according to the arrangement made in advance, and no Chinese technician was allowed to approach the satellite, to prevent the advanced satellite technology from being "stolen." In order to respect the demand of the cooperation partner, China treated the HS601 satellite in the same way as other U.S.-made satellites launched by China and all customs inspections were exempted as the satellite was shipped into China and transported directly to Xichang Satellite Launch Center. At the same time, all tests of crucial importance, including the "vibration test," were given up according to the instructions from the U.S. side. According to China's practice, when a China-made satellite is to be launched, it

has to undergo many vibration tests together with the rocket to see whether or not the satellite and the rocket match each other well.

Although the rocket and the satellite exploded, according to international practice and the terms of the contract, China can still get the launch fee as the rocket carried the satellite and lifted off from the launcher. At the same time, Hughes may also get the order to make another satellite of the same model as a result of the launch failure. Only Hong Kong's Asia-Pacific Communications Satellite Company and China's Pacific Insurance Company directly suffered losses, because Asia-Pacific Communications Satellite Company will have to postpone the use of Apstar-2 to develop its satellite communications services in China, Australia, and some Asian and African countries, and Pacific Insurance would have to make \$162 million of compensations.

At present, the satellite launching contractor, China's Chang Cheng Industrial Corporation, and the rocket manufacturer, China's Carrier Rocket Technology Research Academy, are discussing with Hughes Corporation the responsibility issues. It is believed that a conclusion, different from the vague conclusions drawn in 1992, will be reached this time.

Shanghai Insurer To Compensate Satellite Explosion

OW2002132495 Beijing XINHUA in English 1304 GMT
20 Feb 95

[FBIS Transcribed Text] Shanghai, February 20 (XINHUA)—The explosion of the Hong Kong-owned Apstar-2 satellite on January 26 fell within the insurance coverage of the Shanghai-headquartered Pacific Insurance Corporation (PIC), the company announced here today.

For 160 million U.S. dollars, the costliest coverage in China, PIC insured the launch and initial orbital movements of the satellite, made by the Hughes Company of the United States and carried by a Chinese Long March No. 2 rocket.

The satellite and the rocket exploded shortly after takeoff from the Xichang Launching Center in southwest China's Sichuan Province, and the PIC immediately organized a team to handle the claim.

"The work is going smoothly and is expected to be concluded within the next month," said a senior PIC official.

It is the quickest handling of a satellite insurance claim ever handled in China, according to the PIC.

Advisory Body Urges Reforms in Telecom Services

HK1802081695 Beijing CHINA DAILY in English
18 Feb 95 p 3

[By Cao Min: "Advisory Body Urges Telecom Service Reforms"]

[FBIS Transcribed Text] More measures should be taken to improve the capital city's telecommunication service to keep up with its rapid economic development, Beijing's top political advisory body said.

Last night, members of Beijing's Chinese People's Political Consultative Conference (CPPCC) addressed inquiries to 37 departments of the municipal government, including Beijing Telecommunication Bureau, at the third session of its eighth conference (in session, February 15-20).

Beijingers still complain about inconveniences in phone service, like maintenance and charges, although the city boosted its phone switching capacity to three million lines and one million subscribers in 1994, said Fan Zichang, an adviser of Beijing's Committee of Jiusan Society (a non-Communist party).

The city should strengthen the technical management of its telecommunications system, pivotal to the country's system, said Fan.

Dozens of members attending the six-day conference also complained to officials with the city's telecommunication administration about the bad maintenance service, confusion over different phone numbers and some other problems concerning the quality of phone communications. They hoped such problems could be solved as soon as possible.

Officials took note of what the members said and wrote down their phone numbers promising to investigate and deal with these problems as soon as possible.

Zhao Jidong, vice-director of Beijing Telecommunication Bureau, lists poor management, lack of investment and switchboard rooms' construction as the three main causes for the above-mentioned problems.

"We will pay attention to improving the quality of about 17,000 workers and officials coupled with the reform of our management system," said Zhao.

China Capable of Building 'All-Weather Vessels'

HK2102062395 Beijing ZHONGGUO XINWEN SHE in English 1109 GMT 20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (CNS)—China is technically capable of making its own all-weather vessels, said experts of the China Ship Scientific Research Centre.

The experts were convinced that so long as they were given necessary financial backing by the state, they would be able to turn the scientific research results into the production of such vessels as soon as possible which will boost China's ocean shipping and contribute to the national economy as well as to the national defense industry.

The all-weather vessel is a type of catamaran with two parallel hulls which was made overseas in the early 1970's and widely used in some developed countries. Catamarans can be used as deluxe transoceanic pleasure boats and as ferries for workers on oil drilling platforms, while they can also be employed in scientific missions at sea, in marine patrols, and in auxiliary military purposes. The catamaran is considered one of four major types of vessel under active development in the world.

Since the mid-1970's, the China Ship Scientific Research Centre and the Shanghai Jiaotong University started

research projects on this type of vessel. They have achieved not only theoretical but also substantial technical success. Problems regarding the craft and technology involved in the making of the vessel were solved. A catamaran model jointly designed last year by the Shantou Great Ocean Shipbuilding Industry Company in Guangdong and the research centre was tested by the Shanghai Jiaotong University. The catamaran model reached the international level of the same type of vessel developed in advanced countries in terms of various technological indicators involved in the test. Economic results shown by the vessel are considerably big. The cost of building such a type of vessel at home is estimated to be 60 percent lower than that for the import of a finished product catamaran from abroad.

Shanghai Scientists Make 'Robot' To Lift Objects

OW2102080295 Beijing XINHUA in English 0613 GMT 21 Feb 95

[FBIS Transcribed Text] Shanghai, February 21 (XINHUA)—Chinese scientists in the eastern metropolis of Shanghai have developed a robot which is used to lift objects.

The robot has successfully put up a steel antenna, with a weight of 460 tons and a length of 118 meters, at the top of the Oriental Pearl Television Tower.

According to local officials, using the robot for the installation of the antenna saved some 200 million yuan in investment funds.

So far, contracts for the purchase of the robots, which were developed by researchers at Tongji University and the Machinery Engineering Company of Shanghai, from at home and abroad amount to 1.5 billion yuan.

Military & Public Security

Jiang Zemin Urges PLA To Avoid Internal Politics

HK2002061895 Hong Kong SOUTH CHINA MORNING POST in English 20 Feb 95 p 1

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Chinese President Jiang Zemin has called on army officers to refrain from meddling in internal politics. Sources close to the People's Liberation Army (PLA) said senior generals and commissars were circulating an unpublicised speech that Mr Jiang had given the Central Military Commission (CMC) on the need to maintain stability in the post-Deng Xiaoping era.

They said Mr Jiang who is also Chairman of the commission, asked army personnel to remain under the absolute leadership of the Communist Party and to continue to support Mr Deng's reform and open-door policy. For the first time since he became titular head of the 3.2 million-strong Army in late 1989 Mr Jiang also demanded that the officers "stay away from internal politics".

Military analysts said the President was asking PLA officials particularly senior members, to refrain from taking

sides in any power struggle that could break out when Mr Deng dies. While there have been no coups d'etat in communist-Chinese history, PLA generals have a long tradition of playing the role of kingmakers.

It is believed that Mr Jiang is afraid his chances of succeeding Mr Deng as the next patriarch could be jeopardized if potential PLA kingmakers such as former president Yang Shangkun, and retired generals Qin Jiwei and Zhang Aiping were to throw their support behind other candidates.

Western military experts in Beijing have indicated that provincial leaders, particularly those in rich areas, have taken steps to prevent an impending power struggle in Beijing from spilling over into their regions. "Civilian leaders in Guangzhou and other Guangdong cities have cemented links with local military officers," said a senior Western diplomat. "The cadres hope that should a power struggle break out in the capital, the regional army officers could shield them from the worst fallout."

The diplomat cited frequent speeches made by Guangdong leaders and stories carried in the Guangdong press extolling the virtues of the PLA, and the para-military People's Armed Police. For example, at a ceremony honouring the PLA last week, Guangdong party secretary Xie Fei made a long speech on the importance of "loving the country and supporting the Army". Mr Xie called for the consolidation of "the people's cohesiveness based on the unity between the army and the administration, and that between the army and citizens". Guangzhou, Shenzhen, and other cities have also boosted supplies and welfare subsidies to the rank and file stationed in the rich province.

During the Cultural Revolution, several provinces were spared the worst excesses of the Red Guards owing to the good relationship the civilian leaders maintained with army officers. Military analysts pointed out yesterday that in return for the support of the senior officers, Mr Jiang would continue to let them have a say in certain nonmilitary matters. The latter included diplomacy and aspects of economic policy that have a bearing on army enterprises.

Army Departments Promulgate Auditing Regulations

HK2102101495 Beijing JIEFANGJUN BAO in Chinese
12 Jan 95 p 1

[Report by Tian Bohua (3944 0590 5478) and Dong Yachao (5516 0068 6389): "General Staff Headquarters and General Logistics Department Promulgate Two Sets of Regulations on Auditing"]

[FBIS Translated Text] Beijing, 11 Jan (JIEFANGJUN BAO)—Some days ago, Chief of the General Staff Zhang Wannian and head of the General Logistics Department, Fu Quanyou, jointly ordered the promulgation of the "Regulations on Auditing Payments for Equipment for the Chinese People's Liberation Army [PLA]"; Fu Quanyou ordered the promulgation of the "Provisional Regulations on Auditing Financial Settlements and Fund Adjustments for the PLA." Those two sets of regulations came into effect on 1 January this year. The promulgation of the

regulations was an important measure by our Army to implement the "Auditing Law."

The "Regulations on Auditing Payments for Equipment for the PLA" provides that the equipment buying institutions at all levels of the Army must receive auditing and supervision; the auditing departments will, in accordance with law, audit and supervise the fund management, receipts and outlays, the veracity and conformity with regulations of the relevant monetary transactions by the equipment buying institutions at various levels in the Army. The following are the main aspects to be audited: Conformity with regulations in monetary fund management, including bank accounts opened by the buying institutions, the management of the accounts, cash limits, and instruments of payment; conformity with the law in fund transfers and payments and the screening and recovery of temporary loans and funds advanced; and conformity with regulations in payment settlement and other approval procedures.

The "Provisional Regulations on Auditing Financial Settlements and Fund Adjustments for the PLA" provides that operational activities in financial settlement and fund adjustment institutions at all levels must receive auditing and supervision. The following are the main aspects to be audited: Conformity with the applicable regime in fund settlement and management by institutional departments and correct handling of departmental deposits, transfers, and settlements; strict conformity with the state financial policy and applicable Army regulations in conducting fund adjustment and monetary factorage within the Army; adherence to serving the building of the troops; and centralized planning for public accumulation funds for housing construction.

Both sets of regulations emphasize the need to follow the system of same-level auditing and regular annual auditing, making it clear that superior auditing authorities may conduct auditing on subordinate units directly and, under special circumstances, at any time.

Military Industry Produces Electric Goods

OW1802143395 Beijing XINHUA Domestic Service in Chinese 0459 GMT 17 Feb 95

[By reporter Xu Jingyue (1776 0079 6460)]

[FBIS Translated Text] Beijing, 17 Feb (XINHUA)—During the shift to producing civilian goods, China's military industry's electronics enterprises have actively promoted lateral economic cooperation. At present, they have formed more than 50 enterprise groups and have become the main force of China's electronics industry.

Those enterprise groups consist of more than 1,800 units and they are playing a great role in enlarging the scale of industrial production, promoting the integration between scientific research and production, and helping the development of medium and small-sized enterprises. In recent years, color television sets manufactured by those enterprise groups have accounted for about 30 percent of China's total output, and nearly 20 percent of those

exported from China. The refrigerators produced by those enterprise groups account for nearly one half of China's total exports.

The military industry's electronics enterprises are the backbones of Huanghe Electronics Group, Bianfu Electric Fan Enterprise Group, Hongguang Electronics Group Company, and Huajing Electronics Group Company. Complementing and supporting each other, they are showing a development momentum. Their electric and electronics products, bearing such famous brands as Huanghe, Changhong, Xiongmiao, Bianfu, Changfeng, and Changcheng, have a comparatively strong competitive advantage in both domestic and foreign markets. Some corporations, such as China Zhenhua Electronics Industry Corporation and Zhongshan Electronics Industry Corporation, are integrated enterprises of technology, industry and trade; and they are composed of a number of the military industry's key electronics enterprises. By concentrating their investment in large and medium-sized military industry enterprises and expanding cooperation with foreign enterprises, these corporations have promoted local economic development. During the course of economic restructuring and the shift to the production of civilian products, the military industry's enterprises in various parts of the country have formed a number of export-oriented electronics group companies, high-tech electronics group companies, and information technology service group companies.

Li Peng Hears Opinions on Public Security

OW2102114595 Beijing XINHUA Domestic Service in Chinese 1104 GMT 20 Feb 95

[By Liu Zhenying (0491 2182 5391), reporter of the Central People's Broadcasting Station, and Zhang Sutang (1728 1372 1016), XINHUA reporter]

[FBIS Translated Text] Beijing, 20 Feb (XINHUA)—State Council Premier Li Peng presided over a discussion meeting at Zhongnanhai this afternoon to hear opinions on the comprehensive management of public security portion of the government work report (draft for soliciting opinions). Li Peng discussed with representatives from judicial, procuratorial, and public security departments at the grass-roots level, enterprises, and neighborhood committee organizations about how to further improve comprehensive management of public security so as to provide a favorable social environment for reform, opening up, social development, and the masses of the people's work and life.

When the meeting began, Li Peng said: Public security is a hot issue. The masses of the people closely follow it with interest. You are invited to today's meeting to express your views and make suggestions on the relevant government work report issues. I hope you will speak freely.

Comrades at the meeting took the floor one after another. They discussed Premier Li Peng's government work report (draft for soliciting opinions) in light of the present public security situation at the grass-roots level and offered some constructive opinions. An Weixing, chief of the Zhanlan Road police station under the jurisdiction of the Xicheng District Public Security Subbureau, Beijing; Liu Qunli,

chief of the Niu Street police station under the jurisdiction of the Xuanwu District Public Security Subbureau, Beijing; Wang Zheng, director of the Jianguo Men [Gate] Subdistrict Office in Dongcheng District, Beijing; Li Juntang, director of the Yongwai Subdistrict Office in Chongwen District, Beijing; Chen Jie, general manager of the Mudan [Peony] Group; Chai Junyong, deputy secretary general of the Shanghai Municipal Commission on Politics and Law and director of Shanghai's Office in Charge of Comprehensive Management of Public Security; and Jiang Ming, secretary general of the Heilongjiang Commission on Politics and Law and director of the Heilongjiang Office in Charge of Comprehensive Management of Public Security, took the floor. They believed that all areas vigorously conducted comprehensive management of public security and achieved some success and that, at present, it is necessary to further overcome and solve the difficulties and problems existing in comprehensively managing public security in a bid to further improve the public security situation.

Comrades who took the floor believed that, directed against areas where the public security situation is not good enough, the work on comprehensively managing public security should carry forward the fine tradition of uniting the forces of special organs and the masses to safeguard public security and follow the mass line. The masses understand the situation and know how to deal with public security problems better than anyone else and they are more powerful than anyone else. If we can bring into full play the role of the masses of the people, we would have a reliable guarantee for social stability and peace in an area. To follow the mass line, we must strengthen organization of the masses and for managing public security to enable them to give full play to their roles.

The representatives said that party and government leaders must attach greater importance to comprehensively managing public security before it can become more effective; that law enforcement authorities, as the main force, must intensify their crackdowns; and that, to deal with the root causes as well as the symptoms, attention must be paid to prevention and education as well as crackdowns. The representatives also presented views and suggestions about controlling the population flowing into cities from rural areas, improving law enforcement authorities' working conditions, doing away with social evils, paying greater attention to grass-roots units, and improving police officers' proficiency. Some comrades also said that, because of the increase of new issues under new situations, certain ways of comprehensively managing public security should be reformed.

As he listened to the representatives' views, Premier Li Peng took notes and exchanged views with them by occasionally interposing a comment on certain issues. When they finished expressing their views, Li Peng said: You have come up with many good views, and we will continue to improve the draft government work report.

Li Peng said: Law enforcement authorities and departments in charge of comprehensive control of public security have accomplished a great deal of work in the past

year. Meanwhile, public security still has many problems. The people expect the party and government to exert greater efforts in creating a good social environment for reform and opening up.

Li Peng urged all government authorities to improve public security by taking powerful measures and intensifying crackdowns on crime. He said: We can make our society safer as long as party and government authorities make concerted efforts to comprehensively deal with public security problems.

Attending the meeting were people in charge of the Central Political and Legal Affairs Commission and the Public Security Ministry; people in charge of law enforcement authorities in Beijing, Shanghai, Heilongjiang, Shandong, Guizhou, and Hebei; and representatives of some grass-roots organizations and enterprises.

Wu Bangguo, Jiang Chunyun, Luo Gan, and other leading comrades, as well as people in charge of relevant departments and the government work report drafting group, were also present.

Central Document Details Public Order Management

OW1902131595 Beijing XINHUA Domestic Service in Chinese 2138 GMT 18 Feb 95

[FBIS Translated Text] Beijing, 19 Feb (XINHUA)—The recently held 14th Plenary Session of the Central Committee for Comprehensive Management of Public Security examined and approved the "Main Points of Work To Improve All Facets of Public Order."

The main points call for continuing to implement the leadership responsibility system for the comprehensive management of public order, vigorously strengthening grass-roots bodies, promoting the implementation of various measures for improving all facets of public order, and preserving continued stability in public order under the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, and in strict accordance with the overall tasks of the party and country.

The main points call for primarily tackling the following tasks to improve all facets of public order this year:

—Continuing to implement the leadership responsibility system for the comprehensive management of public order. The key to strictly implementing the leadership responsibility system for the comprehensive management of public order lies in earnestly implementing "Several Provisions on Implementing the Leadership Responsibility System for the Comprehensive Management of Public Order" issued by five central ministries and commissions; it also lies in conscientiously taking the comprehensive management of public order as one of the goals of party and government leaders during their terms in office, and in linking it with performance evaluation, promotions, rewards, and punishment. Through the formulation of implementation rules, we should devote great efforts to evaluating the performance of key party and government leaders in implementing the responsibility system, as well as that of

leaders assigned specifically for this purpose. Committees for comprehensive management of public security at all levels should jointly establish a sound operational system with organization, personnel, discipline-inspection, and supervision departments; strengthen exchanges of information and routine contacts with these departments; fully play their guiding and supervisory roles; and actively help party committees and governments implement the responsibility system for the comprehensive management of public order. They should, in particular, uncover and promptly promote good models and experiences while scrupulously abiding by their principles; seeking truth from facts; firmly exercising their veto power over decisions taken by localities and units chronically fraught with poor public order; and investigating the responsibility of the leaders of such localities and units.

—Further deepening the fight against crime as a way to improve public order. During our fight against crime in 1995, we should earnestly implement the principle of meting out heavy and swift punishment in accordance with the law; focus on combating evil forces in rural areas such as local ruffians and despots, as well as serious criminal activities in the cities; continue to expend great efforts to solve major cases, crack down on criminal gangs, and track down fugitives; and resolutely stop the rise in major criminal cases. We should intensify our efforts to fight underworld criminal gangs; violent criminals linked to murder, robbery, explosions, and rape; and criminals who destroy transportation, telecommunications, and electric power installations. Meanwhile, we should steadfastly make special thoroughgoing efforts to combat pornography and illegal publications, clamp down on kidnapping and prostitution, and ban narcotics, and make proper arrangements for tackling key areas and public places plagued by poor public order. We should earnestly sum up our experiences in fighting crime; constantly improve our operational method; closely combine the effort to crack down hard on crime with the effort to rigorously prevent crime; insist on integrating special efforts with the mass line; and fully arouse the people's initiative in fighting against illegal and criminal acts through the fight against crime.

—Conscientiously strengthening grass-roots bodies in improving all facets of public order. In the countryside, we should devote still greater efforts to strengthening grass-roots bodies with a view to successfully cracking down on crime. We should devote major efforts to townships and villages that suffer from seriously poor public order as a consequence of crippled, weak, or lax grass-roots organizations, so that they will show changes within this year. We should improve township and town bodies for the comprehensive management of public order; create in those bodies deputy party and government posts for the comprehensive management of public order; strengthen local public security and police stations, law offices, and people's courts in townships and towns; give full rein to the role of village committees

for preserving public order, mediation committees, militias, joint public-security teams, and other self-governed organs for improving public order in villages; conduct thoroughgoing propaganda and education on the legal system among peasants; strive to manage villages according to law and actively popularize such good, effective experience as the "cell project"; and build at grass-roots units as soon as possible a set of working mechanisms for maintaining public order that suit the new situation. In urban areas, the emphasis should be placed on strengthening urban public security and judicial organs, stepping up neighborhood efforts to improve public order, giving full play to the role of mass organizations in preventing crimes and improving public order, and carrying out the measures for comprehensive management of public order by grass-roots units.

- Managing the society strictly and implementing crime prevention measures. We should seriously study new circumstances and new problems, constantly improve our work, step up radical measures, and raise the standards of relevant management work according to the needs of establishment of the socialist market economic structure. We should improve management of the floating population and gradually ensure that all floating population members are managed according to law. We should pay more attention to the management of public order at urban public places where the situation is complicated. We should attach importance to and strengthen the security at enterprises, seriously adhere to the principle of "the persons in charge assuming responsibility" and "on-the-spot management," and place the responsibility for maintaining public order on the shoulders of the representatives of enterprises as corporate bodies. We should strengthen the joint efforts to protect railroads. We should implement well the measures to resettle, help, and educate people who are set free after serving their sentences or finishing an education through labor program. We should continue to step up education in the legal system among young people, particularly among students of middle and elementary schools.
- Carrying out the activities of creating exemplary regions and exemplary units of good public order. Over last several years, the activities of creating "exemplary region of good public order," "exemplary unit of good public order," "building and courtyard of good public order," and "family of good ethics" have been carried out in many localities. They have been proven to be effective measures for promoting the comprehensive management of public order. Provinces, autonomous regions, and municipalities may actively promote these creative activities according to local conditions. During the course of the creative activities, attention should be paid to discovering good examples, popularizing good experiences, commending the advanced, and encouraging the backward.
- Stepping up propaganda and theoretical research work for the comprehensive management of public order. The propaganda for comprehensive management of public order should be regular and diversified. We should fully

arouse the initiative of news media, build and expand the position for publicizing comprehensive management of public order, and continue to keep a strong impetus of the media. We should give full play to the functions of the propaganda, culture, radio broadcast, cinema, television, press, publication, and other relevant departments, as well as the functions of grass-roots mass organizations, and township and village cultural halls and stations; and seriously organize both routine propaganda and concentrated propaganda for comprehensive management of public order. We should give full play to the backbone role of judicial newspapers and journals and other news media in publicizing the comprehensive management of public order, and do an even better job in the publishing and distribution of "CHANGAN [LONG-TERM PEACE AND STABILITY]" journal.

- Taking a further step to bring into play the functional role of the organs for comprehensive management of public order. The committees for comprehensive management of public security at various levels and their working bodies should actively assist the party committees and governments in assuming the political responsibility for ensuring local public security; and they should actively and seriously perform their functional duties in overall planning, guidance and supervision, coordination, and promotion. It is particularly necessary to arouse the enthusiasm of all member organizations of the committees, organize their forces, solve well outstanding problems concerning public order, and give full play to the superiority of concerted efforts.

Local Officials Urged To Ensure Public Order

OW1902144595 Beijing XINHUA in English 1433 GMT
19 Feb 95

[FBIS Transcribed Text] Beijing, February 19 (XINHUA)—China will make concentrated efforts to ensure public order and local officials may get promotion or punishment, according to their efforts in the field.

That was part of a resolution adopted by the Central Committee for Comprehensive Improvement of Public Order. The resolution contains the main tasks of the work of public order for 1995. While stressing severe punishment for crimes, it said a stricter responsibility system will be carried out this year.

According to the resolution, ensuring public order will be part of the tasks for local officials and severe attack will be directed at local ruffians and other evil forces in the rural areas and culprits of serious criminal cases in the urban areas.

Gangster groups and culprits guilty of murder, robbery, explosion and rape as well as those found guilty of sabotaging communications, telecommunications and power projects will be punished severely.

Further efforts will be made to fight against pornography, illegal publications, abduction of women and children, prostitution and drug smuggling, according to the resolution.

It urges local officials to make more efforts in strengthening the legal and security forces at the basic level.

Local officials are also urged to strengthen management on floating population and ensure security in public areas and for leading state-owned enterprises and railways.

General

Jiang Orders Investigation of Zhou Beifang Case *HK2102043495 Hong Kong LIEN HO PAO in Chinese* 21 Feb 95 p 1

[Report from Beijing by special correspondent: "Many of Zhou Beifang's Close Followers Arrested, Jiang Zemin Orders Thorough Investigation and Stern Handling According to Law"]

[FBIS Translated Text] Sources here revealed that after being arrested by the Beijing municipal procuratorial organ, Zhou Beifang, former chairman of the board of Shougang Controlling (Hong Kong) Corporation, was jailed in Qincheng Prison in Beijing's western suburbs. A number of people involved in Zhou's case also were detained for investigation by the authorities concerned. CPC Central Committee General Secretary Jiang Zemin ordered the judicial organs to handle the case seriously, according to the law.

According to sources, at a meeting of the Standing Committee of the Political Bureau, Jiang Zemin ordered the judicial department to thoroughly investigate Zhou Beifang's lawbreaking activities and to handle the case seriously, according to the law.

According to sources, in the last 10 days, people being detained included Zhou Beifang's aides and close followers. Some of these people were directly responsible for activities causing economic losses to Shougang. Zhou's case was entangled with a huge network of connections, and there were special relations between Zhou's family and the family of Deng Xiaoping. Last year, the departments concerned took several months to collect and search Zhou Beifang's materials and accounts. The top authorities in Beijing made full preparations against Zhou before the action was taken.

According to sources, the "misfortune" of the two Zhous—father and son—was cheered by some workers at Shougang. Even two years ago, some Shougang workers were strongly disgusted with the autocratic and highhanded management style of the Zhous, father and son.

Economists in Beijing held that this time, the authorities took action against the Zhous, and this showed that the central leading body headed by Jiang Zemin was trying to establish a new anticorruption image among the general public for the "post-Deng period." The arrest of Zhou Beifang was the beginning of the "clean government" image.

Some analysts held that by taking action against Zhou, the authorities aimed at giving a warning to the "princeling party," and at telling them not to do business by making use of the special connections and influence of their fathers.

According to sources, the handling of Zhou's case touched complex and complicated webs of connections, so the details of the case would not be made public. After the end of the investigation, the results will be reported directly to the top leadership in Beijing.

Li Peng on Faster Southeast Fujian Development *HK2102045095 Fuzhou FUJIAN RIBAO in Chinese* 11 Feb 95 p 1

[By staff reporter Huang Zhixiao (7806 5347 2556): "During His Inspection in Our Province, Premier Li Peng Urges Accelerating the Pace of Development and Reform in Southeast Fujian, Making it a Locomotive in the Province's Economic Development"]

[FBIS Translated Text] During his inspection in our province from 2 to 10 February, Li Peng, premier of the State Council, pointed out that it is necessary to give further play to the superiority of the hometown of overseas Chinese and the superiority of being close to Taiwan to accelerate the pace of development and opening in southeast Fujian so that it can become the locomotive in Fujian's economic development.

The weather is warm and sunny on the vast land of Fujian in early spring. The mountains are green and the water clear, and the fields are full of life. Accompanied by Jia Qinglin, secretary of the provincial party committee, and Governor Cheng Mingyi, Premier Li Peng visited Xiamen, Zhangzhou, Quanzhou, Putian, and Fuzhou successively and carried out investigation and study there on the issues of running state-owned enterprises well, strengthening the position of agriculture as the foundation of the national economy, stabilizing commodity prices, and promoting trade and economic cooperation between both sides of the strait. During the investigation, he fully affirmed the great achievements of our province in economic and social development since reform and opening. He pointed out: Fujian's gross domestic product is currently growing at a rate higher than the national average rate and its reform has made an important step forward toward the socialist market economy. In opening up to the outside world, it has given full expression to the superiority of overseas, Hong Kong, and Taiwan investments in this province. Great changes have also taken place in the infrastructure. This is a result of the common efforts of the people throughout the province under the leadership of the provincial party committee and government. It shows that the provincial leading body is well united and combat-worthy and is taking the interests of the whole into consideration. Fujian will surely achieve a great leap forward by the end of the century in building both material and spiritual civilizations.

During his inspection, Li Peng pointed out: The important speech made by Jiang Zemin, general secretary of the CPC Central Committee and president of the state, on promoting peaceful reunification of the motherland has evoked wide repercussions on both sides of the strait. Fujian Province must seize this opportune time to further promote trade and contacts between the two sides, encourage investment and cooperation, and increase exchanges. He continued: At present, there is sharp competition in both the international and internal markets. The projects for investment should be in line with the industrial policy of our country. It is necessary to encourage the investment of funds in those projects which are needed by the market and which are advanced and

useful and have high added value, as well as in infrastructure projects. We must have some high- and new-technology industries to help us increase and develop our economy. We must do a good job in the management of enterprises invested in by Taiwanese businessmen and protect the legitimate rights and interests of the investors and workers according to law. We must pay attention to the building of spiritual civilization and should not invite investment at the expense of the building of spiritual civilization.

After inspecting the Haicang Investment Zone, the Taiwan-funded enterprises in the Jiaomei Development Zone of Longhai, and the Rongqiao Industrial Zone of Fuqing, Premier Li Peng pointed out: The southeast Fujian area has been designated by the 14th CPC National Congress as an important development area. Fujian Province must give further play to its superiority as the hometown of the overseas Chinese and the superiority of being close to Taiwan to accelerate the pace of development and opening up in its southeast so that it can become a locomotive in Fujian's economic development. It is necessary to strengthen construction of basic facilities, define the focus of development, carry out overall planning and rational distribution, and work out a development plan which is in line with the state's industrial policy and conforms to Fujian's realities, so that reform and opening up and economic construction can be carried out more successfully.

Premier Li Peng showed great interest in the issue of commodity prices. He pointed out: Last year, much work was done to control commodity prices. But their growth rate was still too high. Curbing inflation is the most important task for this year's macroeconomic regulation and control. Governments at all levels must regard it as a task that should definitely be accomplished and a target that should definitely be attained and make great efforts to grasp it firmly and do it well.

During his inspection, Premier Li Peng repeatedly emphasized that it is necessary to attach great importance to agriculture, especially the work concerning the "rice sack [mi dai zi 4717 5915 1311]" and the "vegetable basket [cai lan zi 5475 5663 1311]." The provincial governor will be responsible for the work regarding the "rice sack," and first of all the work of ensuring the grain-growing area. It is necessary to increase the multiple-cropping index and increase grain output through scientific farming. It is necessary to establish and perfect a grain reserve system, strengthen management in the circulation sphere, and stabilize market prices. State-owned commerce, especially the state-owned grain and oil shops, must play the role of the main channel. Li Peng pointed out: Fujian can think of many ways to develop agricultural production. Although Fujian's population is big and its land area is small, it has mountains and sea. It can make full use of these conditions to vigorously develop forestry and fruit production and aquatic production while attaching importance to grain production so that the effective supply of food can be increased.

Li Peng showed great concern for the "vegetable basket" of residents. In Xiamen's business street and Fuzhou's Taijiang country market, where people were bustling about, Li Peng inspected the markets and asked about supplies and prices. He told local leaders that in order to manage the "vegetable basket" well, a mayor must, first of all, establish a stable production base for vegetables and other agricultural and sideline products so that the "vegetable basket" can be guaranteed by a "vegetable garden." At the same time, it is necessary to vigorously develop aquatic production and animal breeding so that supplies of meat, fowl, eggs, and aquatic products can be increased and the people's food structure can be improved. It is necessary to do a good job in promoting circulation of agricultural and sideline products, reduce middle links and expenses, and increase the number of commercial networks and service points so that things can be made more convenient for the masses. It is necessary to establish and perfect a risk foundation system for agricultural and sideline products.

Li Peng emphasized the necessity of strengthening grassroots organizations in rural areas. It is necessary to further enhance the collective economy and strengthen the cohesiveness of village party branches, so that party branches can play an exemplary role, the role of a core, and the role of a powerful fighting force in the efforts to shake off poverty and get rich.

Talking about the issue of surplus labor in rural areas, Li Peng said: The general policy is to settle the problem on the spot by developing township and town enterprises and the construction of small cities and towns. Management over laborers employed by areas short of laborers should be strengthened so that they can flow in an orderly way.

One of the main points of Li Peng's inspection was how to further improve the state-owned enterprises. Having found out about the situation of reform of the state-owned enterprises in Quanzhou, he pointed out: Practice proves that the key to running an enterprise well lies in the change of mechanism. It is necessary to make the enterprises organize production in light of the needs of the market. It is necessary to widen the space for readjustment of the product mix through organizing and establishing enterprise groups, so that they can supplement each other's deficiencies with their respective superiorities. It is necessary to handle appropriately matters concerning redundant personnel in enterprises, strengthen internal management and labor discipline, and increase both the labor productivity and competitiveness of enterprises. It is necessary to put more funds into carrying out technological transformation, which is a field where the true vitality of enterprises lies. Premier Li Peng also required our province to make bigger strides forward before other provinces in transforming state-owned enterprises and eliminating losses.

In recent years, Fuzhou has taken positive measures to help the "no-house families" and "especially difficult families" to solve their housing difficulties and has developed a number of projects, such as the "live in contentment [an ju 1344 1446]," "spacious mansions [guang sha 1639 0633]," and "bringing benefit to the people [zao fu

6644 4395]" projects to greatly improve the living conditions of the masses. On the morning of 8 February, Li Peng visited the homes of some new residents in Fuzhou's Jiekun residential area and had a cordial conversation with them. He pointed out: For a period to come, China will mainly develop medium- and lower-grade housing in its real estate business. It is necessary to speed up housing development for city and town residents with the method characterized by the state, the collective, and the individual sharing the common load so that the residential conditions of the broad masses of people can be continuously improved.

Accompanying Li Peng during the inspection were Chen Jinhua, minister of the State Planning Commission; He Chunlin, deputy secretary-general of the State Council; and Huang Wenlin, Xi Jinping, and Shi Zhaobin, members of the provincial party committee.

Commentary on Fujian's Development

HK2102045495 Beijing ZHONGGUO XINWEN SHE in Chinese 0634 GMT 13 Feb 95

[Commentary by reporter Zeng Xiancheng (2582 2009 2052): "State Leaders Place High Hopes on Fujian and Fujian Is More Promising"]

[FBIS Translated Text] Fuzhou, 13 Feb (ZHONGGUO XINWEN SHE)—During the Spring Festival this year, Fujian's weather was especially fine and sunny and the fields were all full of life. Li Peng, premier of the State Council, Li Tieying, state councillor and minister of the State Commission for Restructuring Economy, and Song Jian, state councillor and minister of the State Science and Technology Commission, came to inspect the work in Fujian one after another. They listened carefully to the reports of the Fujian Provincial CPC Committee and Provincial Government, visited Xiamen, Zhangzhou, Quanzhou, Putian, Fuzhou, and Nanping, and went right to the development zones, investment zones, science and technology gardens, factories, enterprises, schools, markets, and residential areas to carry out investigation and study. They held forums with various grass-roots units, made important speeches, and gave many valuable opinions on Fujian's reform and opening up, economic development, and various undertakings. Just at the beginning of this spring, Fujian has already benefited a great deal from this.

Since reform and opening up, Fujian's industry has joined an expressway. It ranked the province 12th in the country in 1993, from 22d in 1988, and in 1994 it went further in making the province one of the major industrial provinces of the country. In the field of utilizing foreign capital, by the end of January this year, an accumulated total of 16,008 foreign-funded enterprises had been established with official approval, and 8,128 of them had started operation. Agreed foreign capital had reached \$30.1 billion, and nearly \$10 billion had actually been invested. Last year, some \$3,712 million of foreign capital was used, ranking Fujian third in China after only Guangdong and Jiangsu. For the first time in history, the total volume of imports and exports reached over \$120 billion last year, of

which export volume was over \$8 billion, raising the province's position in the country from sixth to fourth.

Li Peng fully affirmed the changes which had taken place in Fujian. He said the achievements were the result of the common efforts of the people throughout the province under the leadership of the provincial party committee and government. It showed that Fujian's leading body is well united and combat-worthy and is taking the interests of the whole into consideration. One important thing in Li Peng's inspection was to study how to further improve state-owned enterprises. He required Fujian to make bigger strides forward before other provinces in transforming state-owned enterprises and eliminating losses.

Fujian opened earlier to the outside world than many other provinces. It is also an experimental area for carrying out comprehensive reform and an area where experimental points for all kinds of reform are densely distributed. Li Tieying hoped that Fujian would continue to play a leading and exemplary role in establishing a new structure as well as in reform and opening up.

Li Tieying said: Fujian must go faster in reform and the special economic zones must carry out more courageous practices and advanced experiments so that they can take the lead in establishing a socialist market economic structure. He continued: It is necessary to make big strides forward in the reform of state-owned enterprises, create brand-name products, give play to their superiority, expand their scale, and endeavor to develop along the orientation of "producing famous and superior-quality products and being large in scale." The new projects and new enterprises should be operated in accordance with the new structure. No money should be spent on copying the old structure.

Li Tieying inspected work in Fujian for 11 days. He said that Fujian has several development zones. It is hoped that all of them can be operated in accordance with the new structure and developed into highly efficient and high-return development zones and experimental areas for reform.

During his inspection in Fujian, Song Jian showed great concern for the work of exchanges with Taiwan. He emphasized that with Taiwan on the other side of the strait, Fujian has a geographical superiority. It must carry out work concerning Taiwan affairs more actively and creatively and do a good job in promoting exchanges between the two sides of the strait. He said: Fujian's science and technology circles should make bigger steps forward in exchanges with Taiwan. In order to realize "three exchanges" and promote other exchanges between the two sides of the strait, Fujian should start from science, technology, and education and create more opportunities for academic and scientific exchanges with Taiwan's scientific workers. In various academic spheres, such as meteorology, oceanography, geology, and seismology, wherein both sides have interests, there are many things to do for cooperation and exchange between Fujian and Taiwan. He hoped that Fujian would make breakthroughs in all these fields.

"Spring is the best season of the year." This spring, everything has taken on a new look in Fujian. In the period between New Year's Day and the Spring Festival, nearly 20 important meetings were held successively in Fujian to make arrangements for the work in the new year, including the provincial economic work conference, the rural work conference, the economic structural reform conference, and the foreign economic relations and foreign trade conference. The inspections made by Li Peng, Li Tieying, Song Jian, and other state leaders form the greatest motive force for Fujian's work. In particular, the important speech made by Jiang Zemin, general secretary of the CPC Central Committee and president of the state, on promoting peaceful reunification of the motherland has aroused great repercussions on both sides of the strait. We believe that with the improvement of relations between the two sides of the strait and the breakthroughs in the situation, Fujian will be the first to benefit. There is no doubt about this.

Li Tieying Addresses Teleconference on Housing

OW2002151195 Beijing XINHUA Domestic Service in Chinese 1254 GMT 16 Feb 95

[By RENMIN RIBAO reporter Zhu Jianhong (2612 0494 5725) and XINHUA reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 16 Feb (XINHUA)—The State Council's leading group for reform of the housing system today held a teleconference to set out work concerning the state's housing development project. Li Tieying, member of the CPC Central Committee Political Bureau, state councilor, and head of the State Council's leading group for reform of the housing system, announced that the State Council has decided to implement the state's housing development project to boost urban housing reform and to accelerate construction of economical and practical houses.

Li Tieying pointed out: The party Central Committee and State Council have always been very concerned about solving urban residents' housing problems and have always attached importance to urban housing reform. Having seriously summed up the practical experience in reforming the housing system in the last 10 years and more, the party Central Committee and State Council laid down and issued the "Decision of the State Council on Deepening Reform of the Urban Housing System," and have decided to implement a state housing development project, in order to enable the people to live and work in peace and to enable the public to enjoy prosperity and stability. Having seriously studied the issue, the leading group has formulated the "Program for Implementing the State's Housing Development Project," which was recently approved and issued by the State Council. This marks the formal launching of the project.

It has been learned that the guiding thought for implementing the housing development project is: The project should be implemented in conjunction with reform of the housing system, and the purpose of this policy is to boost housing reform; houses built under the project should be sold at the construction costs and put under unified

management, so as to set an example for building a new housing system. The project does not replace current housing construction. The main tasks of the project are: Based on the current housing construction projects, we should strive to build within five years new houses with a total floor space of 150 million square meters; through carrying out this project, we should accelerate housing reform in all localities, accelerate the construction of houses for medium- and low-income urban residents, quicken the pace of solving housing problems among urban residents, and gradually develop a housing supply system backed with social insurance. The total floor space to be constructed under the project has been set at 12.5 million square meters for 1995; construction is to be carried out in 59 cities and units; total investment will be about 12.5 billion yuan. The state will provide 5 billion yuan in loan included in its fixed asset loan plan, and local governments will have to raise 7.5 billion yuan by themselves.

Li Tieying said: The state's housing development project will be financed with loans from state banks and supported by local governments' funds for housing reform; in addition, exemption will be granted for paying relevant expenses or expenses will be paid at reduced rate. The project will mainly be carried out in selected large- and medium-size cities that have performed well in housing reform. Implementation of the project will contribute to adjusting the real estate industrial investment structure and to ensuring a healthy development of the real estate industry. All aspects of the project—investment, construction, sales, and after-sale service and management—must be carried out according to the new housing system, in order to make the project an exemplary one for accelerating housing reform and building a new urban housing system.

Li Tieying pointed out: The focus of economic restructuring in 1995 is to deepen reform of state-owned enterprises, and, revolving around enterprise reform, to carry out reform of the social security system and other systems. Reform of the urban housing system, as an important part of reform of the social security system, will definitely be further promoted. Considering that this year's fixed asset investment is strictly controlled, the state's decision to allocate 5 billion yuan in bank loan for the housing development project fully demonstrates the concern of the party Central Committee and State Council for urban residents' housing problem, and demonstrates their determination to improve the masses' housing conditions. Therefore, people's governments at all levels and all departments concerned should place great importance on the project, strengthen their leadership over the project, closely cooperate with each other, work hand in hand, and apply themselves to organizing this year's implementation of the project. They should assure a victory for the first battle of the project and ensure that the project is carried out properly, so as to enable the masses to move to new houses and enjoy the project's practical results as soon as possible, and to accomplish the scheduled task of the project.

The conference was presided over by Zhang Zuoji, deputy secretary general of the State Council; members of the leading group attended the conference.

Qiao Shi Stresses Reform of State-Owned Enterprises

OW2002150595 Beijing XINHUA in English 1427 GMT 20 Feb 95

[FBIS Transcribed Text] Chengdu, February 20 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC), has urged local officials to take bold steps in experimentation and promote the reform of state-owned enterprises.

During a three-day visit last week to Panzhihua, a city known for its steel production in southwest China's Sichuan Province, Qiao, also a member of the Standing Committee of the Political Bureau of the Communist Party of China's Central Committee, hailed the city as a modern industrial base and a city with great potential.

He urged local officials there to make full use of Panzhihua's advantages and deepen reform to work for more rapid development in the city so that it can exert a more important influence on development and construction in southwest China.

While inspecting the second phase of the construction of the Panzhihua Iron and Steel Complex, he said the enterprise is of great importance to China's metallurgical industry, and the enterprise is quite promising for the comprehensive development of mineral resources.

At the Ertan Hydropower Station northeast of Panzhihua, Qiao expressed satisfaction with the construction of the power plant, which is being financed by the World Bank.

During his inspection, the NPC chairman also discussed a series of issues with local leaders concerning reform and opening up, as well as the modernization drive. He paid special attention to the reform of state-owned enterprises.

"We have obtained some experience in enterprise reform in experiments over the past few years," he said, adding, "Reform measures should be implemented once they are proved to be effective."

Minister Urges Improving Enterprise Management

OW2002133195 Beijing XINHUA in English 1320 GMT 20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—Wang Zhongyu, minister in charge of the State Economic and Trade Commission, has urged the improvement of enterprise management and the deepening of the reform of enterprises, according to information from a national meeting held here today.

China's state enterprises have made progress both in basic management and in management streamlining over the past 16 years, Wang said, adding that problems in this sector still exist, including lax discipline, outmoded ideas and low decision-making ability.

State enterprises should focus on market development, he said, adding that extra efforts should be exerted to foster a batch of capable enterprise leaders.

The aim of enterprise reform is to set up a modern enterprise system involving scientific management, clear-cut property rights and the separation of management from government interference, the minister said.

Forum Discusses 1995 Enterprise Reform

Part I

HK1902074595 Beijing RENMIN RIBAO in Chinese 23 Jan 95 p 9

[Report: "Excerpted speeches by Yuan Baohua, Liu Guoguang, Wu Jinglian, Wang Zheng, and Zhang Debing made at forum on 'Prospects for Deepening Enterprise Reform in 1995' jointly sponsored by RENMIN RIBAO Mass Work Department and Xiangyang Automobile Bearings Joint-Stock Company Limited—Part I"]

[FBIS Translated Text] Editor's note: To deepen the enterprise reform and establish a modern enterprise system is not only a focus of this year's economic work but also a hot topic which is being much talked about. On 14 January, at a forum, "Prospects for Deepening Enterprise Reform in 1995," jointly sponsored by RENMIN RIBAO Mass Work Department and Xiangyang Automobile Bearings Joint-Stock Company Limited of Hubei Province, the participating comrades from entrepreneurial circles, theoretical circles, and government decisionmaking departments expressed their opinions on issues with which our readers are concerned. Today, we are publishing excerpts from speeches by five speakers at the forum. Watch this space for speeches by other speakers. [end editor's note]

By Yuan Baohua, chairman of the China Association for Enterprise Management: "Changing Operational Mechanisms and Introducing the Modern Enterprise System Faces Great Challenges"

This forum, "Prospects for Deepening Enterprise Reform in 1995," is very important because its purpose is to offer advice and recommendations on how enterprise should deepen their reform in the year ahead.

Deepening the enterprise reform contains two aspects, namely, the change of operational mechanism and the introduction of a modern enterprise system. The following has to be done for the time being in order to work on those two aspects well.

The first thing to be done is to truly establish the responsibility system, free enterprises from their burdens (e.g. enterprises running the society and the debt chains), and reform the cadre system, employment system, and internal distribution system. If the phenomena of everybody eating from the same big pot and executives sitting tight in iron armchairs [guaranteed tenure of office] are still going on inside state-owned enterprises, there will be no hope for them.

The second thing to be done is to raise enterprises' competitiveness in the market. Such competitiveness is, at the end of the day, the competitiveness of the products or,

in the case of the service industry, the competitiveness of the services. The competitiveness of products contains four elements: Quality (good quality), price (rational price), delivery time (punctual delivery time), and after-sales service (warm and circumspect aftersale service). With those four qualities, the competitiveness of an enterprise can be raised.

In order to improve its competitiveness, an enterprise has to achieve the following three things: One, a high starting point in technology. Whether it is the domestic market or the international market, only by constantly updating its products can an enterprise maintain its vitality and competitive edge; to develop new products, it must have a high starting point in technology. Two, a high standard of management. Management is the bridge that makes possible the materialization of scientific and technological research achievements as workable productive forces. Management generates efficiency. Three, high quality of the work force. Without a high-quality work force, the high starting point in technology and high standard of management will both be mere bubbles.

The third thing to be done is to change the concepts of enterprise staff and workers, especially leaders. The administrative departments in charge of enterprises should also change their concepts. For instance, some enterprises which have been suffering losses for a long time and are insolvent, are still sitting there and waiting for the authorities to help them out. This is an outdated concept. Such old concepts must be discarded. In changing their concepts, besides the need to adopt market consciousness, awareness of competition, awareness of costs, awareness of funds, and awareness of effectiveness and efficiency, enterprise executives must also have vision and look ahead at the future needs of the market economy.

By Liu Guoguang, advisor to the Chinese Academy of Social Sciences: "Active Moves Should Be Combined With Careful Considerations"

At present, many state-owned enterprises lack vitality and are weighed down by difficulties and problems. The reasons are manifold but one very important reason is that the enterprise reform over the past dozen years has been concentrating on single or departmental policy adjustments, primarily involving delegating powers and interest concessions to the neglect of well-coordinated overall institutional innovations mainly involving the rectification of ownership-operation relations. In 1993, the Third Plenary Session of the 14th CPC Central Committee, in view of this situation, proposed the reform principle of "changing the operational mechanisms of state-owned enterprises and establishing a modern enterprise system." Throughout 1994, the state concentrated its energies on the reform of the macroregulation and control system and could only make some preparations for the reforms related to the introduction of the modern enterprise system. The fruitful reform of the macroregulation and control system going on for over a year has provided some supporting external environment for the state-owned enterprises' deepening their reform. On the other hand, because of the further deepening of the macro reforms, this has set more

urgent and more specific demands on the reform of state-owned enterprises. It is, therefore, quite logical that the reform of state-owned enterprises will become the focus of the entire economic structural reform this year.

The reform of state-owned enterprises is a large-scale systems engineering project affecting an extremely wide spectrum of interests. It is also a key, decisive campaign in the overall reform process. Therefore, we must not only make active moves but also proceed with caution. In my opinion, as long as we finish off this major campaign, steadily establish a modern enterprise system and support systems in our country and, thereby, set up a preliminary new system of socialist market economy, all by the end of this century, this would be a terrific achievement in itself.

At present, special efforts should be made to study and handle the difficulties and problems encountered in the initial stage of the conversion of state-owned enterprises to the modern enterprise system. These include the clearing of past debts, the resolving of the burden of surplus personnel, the detachment of enterprises from their responsibility to run social facilities, and so on and so forth. All this requires a series of coordinated reforms, policies, and measures as a comprehensive solution package. In all these aspects, our colleagues in the theoretical circles and economic research departments should join forces with entrepreneurs and economists working at the forefront of the reform, offer advice and recommendations, and make their contributions!

By Wu Jinglian, research fellow with the State Council Development Research Center: "Deepen the Reform of State-Owned Enterprises, Introduce a Modern Enterprise System"

The aim of the reform of large and medium state-owned enterprises is to establish a modern enterprise system which conforms with international standards and caters for China's national conditions.

The establishment of a modern enterprise system is the goal of state-owned enterprises in deepening their reform and conducting institutional innovations. To achieve this goal, both the enterprises' own efforts and the external environment and conditions are required. Therefore, a series of supporting reforms must be carried out. Whether or not the relationship between the state and the enterprise is well handled is an important issue that has to be dealt with in introducing a modern enterprise system. If this issue remains unresolved, it would be very hard for any modern enterprise system established in an enterprise to work. The crucial point in the separation of enterprise management from government administration is the separation of the functions of the government as social economic regulator and those of the investors in state-owned assets. Here there is a question of how property rights can be clearly defined. For instance, of what should the government take control? How? The development of the market economy requires such a definition to be made on the basis of separation between enterprise management and government administration by means of further deepening of the reform. Otherwise, the state, as the owner of

the assets, will find it hard to avoid interfering in the microeconomic activity of the enterprise.

Another reform which supports the enterprise reform is the reform of the banking system. The Third Plenary Session of the 14th CPC Central Committee mentioned this issue. Market economy means disposition of resources with reference to market rules and capital is an important and precious resource. Only after banks are commercialized can capital be disposed of by the market mechanism; can capital go into continuous circulation and appreciate; and can the established modern enterprise system start operating. Other support reforms include the establishment of a well-developed social security system. Coordination and cooperation by various quarters is an indispensable condition for any breakthrough in the reform toward a modern enterprise system and gives hope in enlivening state-owned enterprises.

By Wang Zheng [3769 1767], deputy head of the Tax Administration Department of the Ministry of Finance: "Improve Tax Laws and Regulations, Conduct Supporting Reforms Well"

The focus of the economic structural reform for 1995 is to promote the enterprise reform aimed at the establishment of a modern enterprise system, carry out the reform of the social security system as a support reform, cultivate the market system and change the functions of the government, and further deepen and improve the reform of the macromanagement system.

Revolving round this center, the fiscal and taxation reform is mainly to further implement and improve upon taxation laws and regulations that have already been issued, conduct the reform of the social security system as a support reform, and make further efforts to create fine external conditions for the enterprise reform. More specifically, first, it is necessary to follow the principle of fair taxation and promoting competition; improve the new tax regime; gradually reduce, and eventually abolish trade-by-trade, regional, and case-by-case tax reductions or remissions; further standardize the relationship between the state and the enterprise in terms of interest distribution; promote the conversion of state-owned enterprises' operational mechanisms; and, on the basis of being conducive to the standardization of the VAT system and the reinforcement of tax administration, improve the regulations applicable to small taxpayers. Second, it is necessary to coordinate with the efforts to screen tariff reductions and remissions and review the regulations on reductions and remissions of import VAT and consumption tax, so that they are brought in line with the inland tax regime as much as possible. It is necessary to improve the system of tax reimbursements, strengthen the control on tax reimbursements for export, and crack down on the illegal practice of obtaining tax reimbursements by deceptive means. Third, it is necessary to accelerate the pace of reforming local taxes. Fourth, it is necessary to draw up relevant draft tax laws in accordance with the legislative agenda of the National People's Congress so that the fruits of the reform of tax regime can be preserved in a legal form.

By Zhang Debing [1728 1795 3521], chairman of the board and general manager of Xiangyang Automobile Bearings Joint-Stock Company Limited of Hubei Province: "Survival and Development of State-Owned Enterprises Require a Good External Environment"

Our company is China's largest specialist manufacturer of automobile axle bearings. Our products, with over 500 varieties in eight categories, besides satisfying the demand of domestic automobile manufacturers, are marketed in over 40 countries and regions in Europe, America, and Southeast Asia. Last year, we reaped 382 million yuan in sales revenue and made 73 million yuan in tax and profit. In 1995, our company is planning to follow the market trends, improve our management standard, and strive to scale new heights in all major economic indexes. At the moment, we are still faced with many difficulties in our operations which we cannot overcome on our own. These difficulties mainly find expression in the following problems:

First, old age pension, medical care, housing, schooling of workers' children, and other heavy burdens are pressing the breath out of the enterprise.

Second, because our country does not have a complete set of laws and regulations which suit the operation of the commodity economy, we often find that there are no laws to follow on some concrete issues. For instance, there is still no legal provision to this day which can help us solve the problem of "debt chains" efficiently.

Third, state-owned enterprises have a different organizational form than township and town enterprises and joint-venture enterprises. There is an obvious lack of fairness in policies, putting state-owned enterprises in a disadvantaged position in competition.

Fourth, enterprises, as taxpayers, find the variety of taxes that are imposed at the moment overwhelming. Because there are so many administrative organs, an enterprise, besides paying its VAT and income tax, has to pay various fees under all kinds of names to various departments. They really cannot stand up to such a heavy burden.

Fifth, the internal employment system of enterprises cannot keep up with the demands of the market economy. For example, the use of manpower and the flow of human resources are quite problematic. The employment system in state-owned enterprises is still in the rut of the planned economy. Optimal recombination of labor has been talked about for years but, because the state has not yet established a well-developed mechanism of labor flow and social security mechanism, surplus personnel cannot just be pushed out into the society and enterprises are not equipped to absorb them internally. Therefore, the problem of overstaffing has yet to be thoroughly resolved.

To survive and develop, an enterprise has no choice but to deepen its reform. As far as our company is concerned, while hoping that the state will create a good external environment for enterprises, we will make strenuous efforts to strengthen ourselves internally and promote the self-improvement of our enterprise.

Part II

*HK2102055095 Beijing RENMIN RIBAO in Chinese
1 Feb 95 p 5*

[Report: "Heighten Confidence. Seize the Opportunity. Unite As One, Develop Steadily—Forum on 'Prospects for Deepening Enterprise Reform in 1995'—Part 2"]

[FBIS Translated Text] Successfully Carry Out Experiments in Deepening Enterprise Reform

Bao Xuding (vice minister of machine-building industry): After 15 years of reform and development, the ability of the machine-building industry to provide equipment, earn foreign exchange, and accumulate funds for the national economy has markedly improved and the vitality and competitiveness of large and medium state enterprises have distinctly increased. Large and medium state enterprises with a high product level and good economic returns emerged in large numbers in 1994. To advance the establishment of a modern enterprise system, we should successfully carry out experiments in deepening enterprise reform this year. With regard to the 16 machine-building enterprises listed among the 100 national pilot enterprises, the 13 machine-building enterprise groups with a separate listing in the state plan, and the pilot machine-building industry enterprises designated by the provincial and municipal authorities, we should give follow-up guidance, step up investigation and study, and promptly sum up and exchange experience. As the modern enterprise system is a new thing, preparations for the experiments should be put in first place. First, it is necessary to adjust and standardize the various relationships within an enterprise, as well as a series of relationships between the enterprises and the outside world. Second, because of the great intensity of the experiments and their involvement over a wide area, especially because they touch on the immediate interests of all people in the pilot units, the pattern of individual and collective interests and of immediate and long-term interests will be adjusted. To arouse the initiative of employees to take part in the experiments, it is necessary to attach importance to, and make good preparations for, in terms of ideology and public opinion. Third, as the experiments are a complicated systems engineering project, and as the actual conditions in each enterprise differ in thousands of ways, whether or not an experimental program can be worked out according to the features of enterprises is vital to the success or failure of the experiments. Therefore, we should attach importance to this aspect and make good practical preparations.

Meanwhile, in line with the requirements of the "Corporate Law," we should further advance and improve experiments in the shareholding system and, with limited liability companies as a major form, firmly grasp the standardized operations of pilot enterprises. We should define property rights more clearly; separate ownership from operational rights; elect directors, supervisors, and managers in strict accordance with the regulations and procedures; and genuinely develop a decisionmaking mechanism, an operational mechanism, and a supervisory mechanism which promote and condition one another,

with each performing its own functions and being responsible for its own duties. In trying out the shareholding system, effective efforts should be made to step up the assessment, supervision, and management of state-owned assets to prevent losses. Moreover, we should use the industrial policy to guide the rational flow of the funds raised and promote the healthy development of the shareholding system experiments.

Seize Opportunities and Build Up Confidence in Reform

Zhou Shulian (research fellow at the Industrial Economics Institute of the Chinese Academy of Social Sciences): A correct estimate of the difficulties facing state-owned enterprises is of utmost importance in heightening our confidence in deepening the reform of state-owned enterprises. First, it should be noted that the state-owned sector plays a fundamental, backbone, and leading role in the national economy. If we do not deepen the reform and fail to invigorate and run the state enterprises well, the national economy cannot develop in a sustained, rapid, and healthy way. Moreover, we should see the many favorable conditions for deepening enterprise reforms. They are chiefly manifest as follows: The party Central Committee has laid down explicitly the policies for deepening reform in state-owned enterprises and, after more than 10 years of reform, many state-owned enterprises have increased their vitality. A considerable number of state enterprises have started to become independent commodity producers and operators and the main bodies of the market and many have turned into genuine commodity producers and operators and the main bodies in market competition. The development of the market, the formation of a market system, as well as the success of the pricing, financial and tax, banking, foreign trade, foreign exchange, and other macroreforms, have provided the conditions and motive force for deepening the enterprise reform; the economic, entrepreneurial, and theoretical circles have put forward many feasible proposals having scientific bases.

Establish an Efficient Enterprise Management Mechanism

Lai Huiwu (director of the China Xianyang Healthcare Products Plant): As a scientific and technological enterprise under ownership by the whole people, our plant has from the very beginning instituted a director responsibility system under the leadership of the board of directors. Through practice we have profoundly realized that the success and development of a modern enterprise cannot depart from a good external environment and, more importantly, from the improvement of the internal environment. The internal environment chiefly refers to the comprehensive quality of enterprise employees and the internal operation mechanism. This is our main direction in deepening the enterprise reform and tapping potential.

In improving the quality of employees, our principle is to recruit talented people by every possible means. To date, 99 percent of our employees are recruited through advertisements and 85 percent of managerial personnel have a college education or above. We have also employed noted experts, professors, and academics and organized them

into an enterprise development strategy advisory group and a doctors of medicine advisory group. To improve the comprehensive quality of the employees we have adopted various means to step up ideological education and heighten the employees' spirit of respecting work; on the other hand, we hold regular managerial cadres training classes and specialized technical training classes, at which high-level experts and academics are invited to give lectures. Moreover, we have also sent key technical personnel to advanced enterprises at home and abroad to study and make on-the-spot investigations.

In establishing an efficient enterprise management mechanism, we shall make further efforts to implement the principle of enterprise decisionmaking organ, executive organ, and supervisory organ being independent from and conditioning one another, to improve the enterprise management structure. We shall uphold distribution according to work and institute a stimulating wage system. To remove the employees' worries about their future, we are improving the savings pension insurance system. Each employee with a good spirit of respecting work, who abides by the law and discipline, and is honest in performing his or her official duties will invest 10 percent of their salary as an endowment insurance fund, with the individual and the enterprise contributing 5 percent each.

Xu Yuan (deputy general manager of the Wuxi Xiaotian Limited Liability Company): A prerequisite for enterprise development is to change our concepts.

1. Do a good job of changing the enterprise operational concepts. In enterprise operations we should pay attention not only to production but also to prestige and quality through our products.

2. Do a good job of changing the concept of enterprise product quality. Truly good products come to the knowledge of consumers through practical use; they are not maintained with gold or silver medals.

3. Do a good job of changing marketing concepts. An important point is to pay attention to market share and coverage percentage. The focus of judging the comprehensive index of enterprise operation should be placed on the market shares of products. In the course of entering a market economy of course, we should pay attention to efficiency and flexible use of funds but, from a long-term point of view, what we should first consider is the market shares of our products.

4. Do a good job of changing enterprise quality. An enterprise attains development through its own superiority. To this end, we have concentrated our efforts on the following aspects: Streamlining the organization to improve efficiency; improving distribution to raise the enthusiasm of employees; applying flexible, varied, and effective methods of management; setting our eyes abroad and opening up the international market. In short, we should quicken the pace of changing the operational mechanism, manufacture a variety of products in addition to washing machines, and bring into full play the role of state enterprises.

A Legal System Environment Is Needed for Deepening Enterprise Reform

Wang Baoshu (deputy director of the Law Institute of the Chinese Academy of Social Sciences): The objective of establishing a modern enterprise system is to resolve the deeper-level problems that have not been resolved in reform over the years, such as separating the functions of the government from those of enterprises and straightening out the relationship between ownership and management of enterprises, to genuinely turn enterprises into enterprise legal persons both in name and in reality. A modern enterprise system should be adapted to the needs of the market economy and established on the basis of a good legal system environment, including the improvement of civil, business, and economic legal systems. Here, it is necessary to stress two concepts:

First, the statutory principle of illegal conduct. The statutory principle of illegal conduct means all illegal and criminal conduct must be expressly provided for by law. Conduct that is not banned in explicit terms by law can be pursued by enterprises. When we say that enterprises operate within the scope provided by law and regulations, it means that enterprises can operate within the scope that is not explicitly banned by law. Therefore, this will help enterprises to operate boldly and independently.

Second, the principle of not exercising economic management unless legally provided. In managing the economy, especially exercising necessary management over enterprises, the jurisdiction of the government and government departments should be provided for by law and regulations. The government and government departments can exercise management only according to, but not in excess of, their jurisdiction. This principle, as well as the statutory principle of illegal conduct, helps to jointly ensure the independent operations of enterprises and serve as the fundamental conditions for China's advance into rule by law.

Neither of the two points mentioned above is dispensable. Without the former, the conduct of enterprises will be indiscriminately determined as illegal and the enterprise rights tend to be infringed upon, making it impossible for enterprises to advance toward the market. Similarly, without the latter, the scope of the so-called economic management rights will be indiscriminately expanded, leading to the infringement of enterprise rights.

Protect the Enthusiasm of Employees in Conducting Reform

Zhang Guoxiang (vice president of the All-China Federation of Trade Unions): In 1995, the All-China Federation of Trade Unions will do a good job in deepening enterprise reform by centering on the implementation of the "Labor Law."

Do a good job in enterprise democratic management. In solely-funded state enterprises trying out the establishment of a modern enterprise system, and in limited liability companies set up with investments from two or more state-owned enterprises or other state-owned investment subjects, democratic management will be exercised

through the congress of workers and staff members and other forms in accordance with the law. Democratic management can also be exercised in other limited liability companies and joint-stock companies limited by the congress of workers and staff members or by a trade union on behalf of the employees; however, there must be corresponding systems to serve as a guarantee. State-owned enterprises which do not conduct experiments should make further efforts to amplify and improve the system of congress of workers and staff members. Small state-owned enterprises which are under contract or leased management should guarantee the status of employees as enterprise masters and the normal activities of trade unions in accordance with the law. Those enterprises practicing the "Corporate Law" should establish the system of workers and staff members serving as directors and supervisors and elect workers' representatives to join the board of directors and the board of supervisors in accordance with the law.

Take an active part in the legislation of coordinated laws and regulations related to the corporate law and the formulation of relevant policies, such as social insurance law, social relief law, labor contract law, collective contract law, labor protection law, and wage law.

Help and teach workers and staff members to sign labor contracts. We shall accelerate the pace of practicing the all-personnel labor contract system this year. In providing employees with effective help and guidance, trade unions should focus on the conclusion, renewal, change, revocation, and termination of labor contracts. They should pay special attention to the following three issues: First, appropriately handling the issue of regular state enterprise employees signing labor contracts. On the question of turning a large number of regular employees into contractual workers, we should proceed from the standpoint of benefiting the ranks of workers and staff members and to social stability, implement it step by step according to the conditions, and strive to carry it out on the basis of most employees' understanding. With regard to employees with long years of work, female employees, and old, weak, and ill employees, it is suggested that the local government adopts protective measures when working out ways to implement the labor contract law. Second, it is necessary to strictly define the criteria for enterprises facing serious difficulties in production and operation to prevent enterprises from laying off employees at random. Third, trade unions in enterprises having difficulties should unite with and mobilize employees to jointly tide over the difficulties. When enterprises go bankrupt, local trade unions should assist the government in energetically resettling workers and protecting the legitimate rights and interests of unemployed workers and staff workers. Trade unions should also continue to implement the principle of "putting prevention, mediation, and grass-roots first," take a more active part in mediating labor disputes and, through such measures as setting up and improving the enterprise mediation committees and expanding and strengthening the ranks of trade union's part-time arbitration workers, bring into effective the role of trade unions in mediating and arbitrating labor disputes and strive to solve problems at the grass-roots level and in the embryonic stage to promote social stability.

Improve the Monetary Macroeconomic Regulation and Control Mechanism

Chen Yuan (vice governor of the People's Bank of China): In 1994 the banking reform made smooth headway and all reform measures were implemented satisfactorily. By centralizing the right to regulate and control total credit and currency amounts, the head office of the People's Bank of China has tightened monetary supervision and control. The establishment of the three policy-related banks, including the State Development Bank, and the separation of policy-related banking and commercial banking have created good conditions for the changing of specialized banks into commercial banks. The state has successfully carried out reform of the foreign exchange structure and started establishing a foreign exchange control structure in keeping with international practice.

The focus of economic restructuring in 1995 is the reform of the enterprise system. In the process of establishing a modern enterprise system, further efforts should be made to improve the monetary macroeconomic regulation and control mechanism and quicken the pace of turning specialized banks into commercial banks. Banks at all levels should actively support enterprise reform, pay attention to adjusting and improving the relations between banks and enterprises, and organically combine support, service, supervision, and management. In the near term, we will mainly take the following measures:

1. Step up monetary macroeconomic regulation and control to control inflation. A principal problem in the current economic operations is the high inflationary pressure. In 1994, retail sales prices rose by about 21.7 percent over the previous year. Inflation can directly cause economic instability and makes it hard for enterprises to change mechanisms. The objective of the currency policy of the People's Bank is to maintain currency stability, flexibly regulate money supply, and stabilize currency value, thus providing a good monetary environment for the establishment of a modern enterprise system.
2. Vigorously push forward the convergence of specialized banks and establish a bank assets risk restraint mechanism. The focus of the work of promoting the change of specialized banks into commercial banks in 1995 is to improve the quality of bank credits. While increasing their ability to transfer funds from the whole system, specialized banks should beef up the restraint mechanism, gradually improve the method of controlling the asset liability ratio and risk, improve the credit assets structure and quality, gradually reduce credit loans, increase the ratio of note discounts and mortgage loans, restrict assets and investments with bank capital and debt, and establish a capital self-balance, self-restraint mechanism.
3. Vigorously raise and circulate necessary funds and increase credit supply to promote the adjustment of the economic structure. With the establishment of urban cooperative banks, all banks should gradually shift the focus of financial services to large and medium enterprises. They should uphold the principle of dealing with each case on its merits. Enterprises having a ready market for their products, a high proportion of funds at their disposal, good

economic returns, and good repayment credit should be given continued credit support; large and medium state enterprises having good market prospects but facing temporary difficulty in changing mechanisms should still be given appropriate credit support to help them tide over the difficulty. The credit given to enterprises carrying out large-scale production and operations can be arranged by banks at a higher level. With regard to huge credits, vigorous efforts should be made to organize syndicated loans at home and abroad. Moreover, upon approval, banks may also raise funds at home and abroad for enterprises through other channels.

4. Help enterprises tighten financial control and straighten out the relationship between a creditor's rights and liabilities.

5. Vigorously popularize the method of settling commercial bills to provide enterprises with convenient, efficient, and high-quality settlement services.

6. Banks should adapt to the needs of enterprises and provide many services. In light of the special features of their own business, the state's specialized banks should establish a national information network for some important commodities and promptly and accurately provide enterprises with various types of information, such as on products, prices, and supply and demand, in a bid to serve their operational decisionmaking. Moreover, they should draw on the experience of overseas commercial banks and provide pilot enterprises with consultancy services such as investment, financial affairs, and enterprise credit standing.

'XINHUA Mailbox' Discusses Enterprise Property Rights

OW2102065095 Beijing XINHUA Domestic Service in Chinese 2132 GMT 17 Feb 95

["XINHUA Mailbox" by XINHUA reporter Zhang Jinsheng (1728 6930 0524): "How Do State-Owned Enterprises Define Property Rights?"]

[FBIS Translated Text] Beijing, 18 Feb (XINHUA)—The National State Property Administration has proposed the following method for defining property rights in state-owned enterprises: State capital invested in enterprises by departments and organizations that are authorized to make investments on behalf of the state in cash and in kind, and through the exercise of their right to use state-owned land and intellectual property rights; those portions of after-tax profits derived from the utilization of state capital and the borrowing of funds during the course of operations that the state permits state-owned enterprises to retain for purposes of increasing investment; and surplus common reserve funds, public welfare funds, and undistributed profits derived from after-tax profits are all defined as state assets.

Four other assets in state-owned enterprises should also be defined as state assets: 1. Net assets accumulated from their earnings by state-owned enterprises founded entirely with funds borrowed at home and abroad with other state-owned enterprises and administrative institutions as

guarantors, or those founded entirely with loans obtained by other units; 2. Assets arising from gifts to state-owned enterprises; 3. Employee welfare and bonus funds earmarked from those portions of profits retained by state-owned enterprises prior to the implementation of "General Rules on Enterprise Finances" and "Enterprise Accounting Standards," and increased ownership rights and interests stemming from collective welfare facilities built with public welfare funds following the implementation of these rules and standards; 4. The property of state-owned enterprises used by party, Communist Youth League, and trade union organizations in enterprises, excluding assets acquired with surplus funds from membership dues paid by individuals to those organizations and operating expenses allocated by enterprises to those organizations in accordance with state provisions.

'Commentary' on Enterprise Role in Curbing Inflation

OW1802072895 Beijing XINHUA Domestic Service in Chinese 2126 GMT 12 Jan 95

[By reporter Li Anding (2621 1344 1353): "Weekend Economic Commentary: The Task of Curbing Inflation Should Begin With Enterprises"]

[FBIS Translated Text] Beijing, 13 Jan (XINHUA)—The task of bringing inflation under control has become a hot issue in our nation's economic development and has aroused domestic and overseas attention. The central authorities have given top priority to this macroeconomic regulation and control task this year.

The urgency of bringing inflation under control has gained the country's unanimous understanding. However, vague viewpoints still exist on ways to accomplish the task. For example, some enterprises feel that curbing inflation has nothing to do with them, but lies with the government. In fact, in practice curbing inflation not only concerns the central authorities, but also localities. It is not only the job of departments responsible for macroeconomic regulation and control, but also that of enterprises.

There are many reasons for inflation. However, looking at the more profound ones, inflation is related to unfulfilled enterprise reform and low enterprise efficiency. For example, some enterprises do not operate at high efficiency and are incapable of absorbing cost increases due to price reform. Therefore, they adopt the method of raising product prices. Some enterprises have large product stockpiles, which tie up large amounts of capital. When the number of these kinds of enterprises increase, it will lead to a phenomenon whereby the currency supply is forced to increase.

It is common knowledge that one of the major reasons for inflation is excessive investment in fixed assets, which result in large and small enterprises that engage in all kinds of business, failure to stress economic efficiency, repeat construction, and wasted resources. Further, the runaway investment scale in fixed asset investment is due to unclear principal investment goals as well as the failure to truly establish an investment risk responsibility system. In addition, enterprises do not possess a sound control system.

They do not control spending in accordance with state stipulations, but indiscriminately pay wages and prize money, initiating inflation directly or indirectly.

As backbones and pillars of the national economy, state enterprises shoulder important responsibility and the bright outlook of controlling inflation. First, enterprises must address internal problems by strengthening operations management, quickening mechanism transformation, striving to reduce costs, and absorbing factors for price increases; and must not place the hope of upgrading economic efficiency on wanton price hikes. On the contrary, in a market economy, shrewd entrepreneurs usually expand and capture the market with high quality, low cost products when other people are hiking prices. In fact, the tasks of bringing inflation under control and of deepening state enterprise reform are organically integrated. In other words, bringing inflation under control is a kind of pressure and promotion on state enterprise reform. The state places its hopes on state enterprises, particularly large and medium state enterprises, to play an important role in stabilizing prices and the market as well as curbing inflation.

Second, enterprises should decrease input but increase output in production, and raise labor productivity by every possible means. In operations, enterprises should enhance their market awareness. They should strive to reduce stockpiles and expand product sales. In development, enterprises should proceed according to their ability. They should not blindly embark on new ventures or engage in chance projects, but should adopt the path centered on remodeling existing technology to expand production. In spending, enterprises should uphold the "two lower" principle, that is, the principle whereby the increase of total wages is lower than the growth margin of enterprise economic efficiency and the growth of workers' average wages is lower than the growth margin of enterprise labor productivity. Enterprises should strive to increase income and conserve spending.

Spring Festival is coming soon. Enterprises in all localities must not be extravagant or wasteful or indiscriminately distribute wages and prize money, so as to have a good beginning this year for bringing inflation under control.

NPC To Discuss Guarantee Law

HK1802081495 Beijing CHINA DAILY in English
18 Feb 95 p 1

[By Ma Chenguang: "NPC to Discuss Law on Payment"]

[FBIS Transcribed Text] The draft Guarantee Law, designed to promote the development of a market economy, is to be discussed at the National People's Congress Standing Committee session to open in Beijing next week.

The seven-chapter law aims to guarantee the payment of business debts and bank loans, and sets out ways to deal with disputes and problems.

Many enterprises in China are plagued by chronic debt, resulting in part from the lack of a law governing payments in business transactions.

The bill outlines types of guarantees and requirements for guarantors.

The Standing Committee of the NPC will also reconsider five draft pieces of legislation, the committee's General Office said yesterday.

This involve three bills on lawyers, procurators, people's police, and amendments to the Electoral Law of the NPC and Local People's Congresses, and the Organic Law of the Local People's Congresses and Local People's Governments.

The Standing Committee will begin its eight-day 12th session on next Tuesday.

Also on the agenda of the committee are bills covering insurance and invoices a decision on penalties for violators of the Corporation Law, a revision to the Tax Collection Law, and a draft bill on military officers in reserve service.

The committee will also discuss arrangements for the Third Plenary Session of the NPC, to begin on March 5.

According to Sun Lihai, one of the compilers of the draft Guarantee Law, the bill was formulated to regulate financial guarantees, which are becoming commonplace in China's new economy.

It outlines five types of payment guarantees: the simple guarantee, guarantee with immovable property, guarantee with movable property, guarantee by mortgage and guarantee by down payment.

The law forbids employees of government bodies, schools, hospitals and social organizations to act as guarantors along with employees of subsidiaries of the companies involved.

Wang Shihu, another law compiler, said the amendment to the Electoral Law sets out a base number of deputies for local people's congresses and population requirements for additional deputies.

The amendments to the Organic Law involve five major revisions, Wang said.

Compiler Lang Sheng said the draft People's Police Law stipulates that only government employees working in public security and State security organs, prisons and other correctional institutions, courts and procuratorates can be called "people's police."

Implementation Rules for Land Value Tax

OW1802054895 Beijing XINHUA Domestic Service in Chinese 1235 GMT 14 Feb 95

[FBIS Translated Text] Beijing, 14 Feb (XINHUA)—Rules for the Implementation of the Interim Regulations of the People's Republic of China on the Land Value Appreciation Tax:

Article 1. The rules have been formulated in accordance with Article 14 of the "Interim Regulations of the People's Republic of China on the Land Value Appreciation Tax" (hereinafter referred to as the regulations).

Article 2. The transfer of the rights to use state-owned land, buildings on the land, and other structures attached to the land to generate income, as prescribed in Article 2 of the regulations, refers to acts of transferring real estate for a fee through such methods as sales. It does not cover acts of transferring real estate without remuneration, such as by inheritance or as gifts.

Article 3. State-owned land as prescribed in Article 2 of the regulations refers to land owned by the state according to relevant state laws.

Article 4. Buildings on the land as prescribed in Article 2 of the regulations refer to all buildings constructed on the land, including all affiliated facilities on or below ground.

Structures attached to the land as prescribed in Article 2 of the regulations refer to stationary items attached to the land that will be damaged once dislodged.

Article 5. Income referred to in Article 2 of the regulations include proceeds and economic gains from the transfer of real estate.

Article 6. Units referred to in Article 2 of the regulations refer to all types of enterprises, public institutions, state organs, social groups, and other organizations.

Individuals referred to in Article 2 of the regulations include individual operators.

Article 7. Below are specifics of deductible items listed under Article 6 in the calculation of appreciations in value:

(1) The sum paid to acquire land-use rights refers to payments based on land price, made by taxpayers in order to acquire land-use rights, and payments of state-set standard fees.

(2) The cost incurred in developing land, and constructing new houses and nonessential facilities (hereinafter referred to as real estate development), refers to the actual cost incurred in real estate development projects undertaken by taxpayers (hereinafter referred to as the real estate development cost), which includes compensation for land requisition, demolition, and relocation; front-end engineering expenses; installation fees; infrastructure-related expenses; expenses on public amenities; and overhead expenses for development.

Compensation for land requisition, demolition, and relocation covers expenses for land requisition, taxes levied for occupying arable land, expenses to help workers settle down, net expenses for dismantling underground structures and relevant compensation, and expenses for relocation housing.

Front-end engineering expenses cover expenses for planning, design, feasibility and hydrologic study, geological work, survey, mapping, and the "three connections and one leveling" (to assure that a construction site is connected to water, electric power, and roads, and that the land is leveled before a building project is begun).

Installation fees refer to installation fees paid to contractor units recruited through the contract method, and installation expenses incurred by those who carry out the installation themselves.

Infrastructure-related expenses refer to expenses incurred in projects in development zones such as those related to roads, water supply, electricity, gas supply, waste discharge, flood-prevention drainage, telecommunications, lighting, environmental protection, and greening.

Public amenities expenses cover expenses for public amenities in development zones which cannot be transferred for a fee.

Overhead expenses for development refer to expenses accrued directly from organizing and managing development projects, including wages, workers' welfare fund, demolition expenses, expenses for repair work, administrative expenses, water and electricity, labor protection fees, and expenses incurred in selling houses built for that purpose.

(3) Expenses incurred in developing land, and constructing new houses and nonessential facilities (hereinafter referred to as real estate development expenses) refer to sales, administrative, and financial expenses related to real estate development.

Financial expenses for interest payments are deductible when computed as a real estate transfer item, and when they are verified by financial institutions. However, the highest deductible amount must not exceed the amount of interest accrued from similar loans borrowed from commercial banks for the same length of time. Other real estate development expenses are deductible for an amount not more than 5 percent of the total expenses calculated according to items (1) and (2) of this article.

For interest payments which cannot be calculated as real estate transfer items or which cannot be verified by financial institutions, real estate development expenses are deductible for an amount not more than 10 percent of the total expenses calculated according to items (1) and (2) of this article.

The people's governments of provinces, autonomous regions, and municipalities directly under the central government shall fix the exact rates of deductions according to the above calculation.

(4) The appraised value of old houses and buildings refers to the value of used houses and buildings that are awaiting transfer, as appraised by government-approved real estate appraisal organs, and is equivalent to the product of the replacement cost and the rate of depreciation of the original value. The appraised value must be confirmed by local taxation organs.

(5) Tax payments on real estate transfer refer to business tax, tax for maintaining and building cities, and stamp duties paid in transferring real estate. Extra charges on education funds resulting from real estate transfer may be regarded as tax payments and thus deductible.

(6) In accordance with item (5) of Article 6 of the regulations, taxpayers who undertake real estate development shall qualify for an extra 20-percent deduction from the total amount of expenses calculated according to items (1) and (2) of this article.

Article 8. The most basic accounting item [he suan xiang mu 2702 4615 7309 4158] or accounting object [he suan dui xiang 2702 4615 1417 6272] in cost accounting of taxpayers' real estate shall be used as the unit for calculating land value appreciation tax.

Article 9. A taxpayer, who, after being transferred the rights to use whole tracts of land, develop and transfer his real estate in stages and batches, can be granted a deductible amount determined according to the proportion of areas whose land-use rights have been transferred relative to the total area; according to the areas occupied by relevant buildings; or according to other methods of calculation determined by taxation organs.

Article 10. Each of the four progressive tax rates listed in Article 7 of the regulations is fixed according to a rate where the "value of appreciation does not exceed a certain amount of deduction."

The land value appreciation tax is equal to the product of the appreciation value and the applicable tax rate, less the product of the deductible amount and the deduction coefficient for swift calculation. Specific formulas for this simple method of calculation is given below:

(1) Where the appreciation in value is less than 50 percent of the deductible amount:

The land value appreciation tax = appreciation x 30 percent

(2) Where the appreciation is more than 50 percent but less than 100 percent of the deductible amount:

The land value appreciation tax = appreciation x 40 percent - deduction x 5 percent

(3) Where the appreciation is more than 100 percent but less than 200 percent of the deductible amount:

The land value appreciation tax = appreciation x 50 percent - deduction x 15 percent

(4) Where the appreciation is more than 200 percent of the deductible amount:

The land value appreciation tax = appreciation x 60 percent - deduction x 35 percent

The 5 percent, 15 percent, and 35 percent used in the formulas are the deduction coefficient for swift calculation.

Article 11. The ordinary standard houses prescribed in item (1) of Article 8 of the regulations refer to houses built for residential purposes on certain sites according to standards for civilian housing. Luxurious apartment houses, villas, and chalets are not classified as ordinary standard houses. Specific definition for ordinary standard houses

and other types of houses shall be determined by governments of all provinces, autonomous regions, and municipalities directly under the central government.

Taxpayers shall be exempted from paying land value appreciation tax if the appreciation in the value of ordinary standard houses built by them for sale does not exceed 20 percent of the total deductible amount listed in items (1), (2), (3), (5), and (6) of Article 7 of these rules. If the appreciation exceeds 20 percent of the total deductible amount, they shall pay the full amount of the appreciation tax according to relevant stipulations.

Real estate requisitioned or recalled for state construction purposes, as prescribed in item (2) of Article 8 of the regulations, refers to house property requisitioned or land-use rights recalled, with government approval, for the purpose of urban planning or state construction.

Taxpayers who relocate to make way for urban planning or state construction and who transfer their real estate voluntarily shall be exempted from land value appreciation tax according to this article.

Units and individuals who meet the above stipulations on tax exemption must apply for tax exemption at the taxation organs located on the same area as their real estate, and shall be exempted from paying land value appreciation tax upon verification by relevant taxation organs.

Article 12. Individuals who, having stayed a full five years or more than five years in their private residences, transfer their residence due to a job transfer or to improve their living conditions, shall be exempted from paying land value appreciation tax with the approval of taxation organs. They shall pay half the required amount of land value appreciation tax if the length of stay reaches three years but is less than five years. They shall be required to pay the amount of land value appreciation tax as prescribed in relevant stipulations if the length of stay is less than three years.

Article 13. The appraised value of real estate prescribed in Article 9 of the regulations refers to the value appraised comprehensively, based on prices of similar real estate on similar lot, by government-approved real estate appraisal organs. The appraised value must be verified by taxation organs in relevant areas.

Article 14. Withholding or falsely declaring real estate transaction prices, described in item (1) of Article 9 of the regulations, refers to acts of taxpayers who fail to report or intentionally underreport proceeds from transferring land-use rights, buildings on the land, and other structures attached to the land.

Declaring inexact amounts of deductions, as described in item (2) of Article 9 of the regulations, refers to acts of taxpayers who fail to declare the actual amount of deductions.

Transferring real estate for a price lower than its appraised value without justification, as described in item (2) of Article 9 of the regulations, refers to acts of taxpayers who declare a real estate transfer made at an actual price that is lower than the transaction value appraised by real estate

appraisal organs, and who cannot provide proofs or justifiable explanations to support his acts.

Real estate whose transaction price has been withheld or falsely declared shall be appraised by appraisal organs according to market price for similar real estate. Based on the appraised value, taxation organs shall determine the amount of income from the real estate transaction.

Where inexact amounts of deductions have been declared, appraisal shall be done by appraisal organs based on the cost of houses, calculated according to the product of the replacement cost and the rate of depreciation of the original value, and also on the standard land price at the time the land-use rights were obtained. Taxation organs will determine the amount of deductions according to the appraised value.

Where real estate is transferred at a transaction price lower than the appraised real estate price without justification, taxation organs shall determine the amount of income from the real estate transfer based on the appraised real estate value.

Article 15. According to Article 10 of the regulations, a taxpayer shall abide by these tax-paying procedures:

(1) He shall, within seven days of signing the contract for real estate transfer, file his tax forms at the taxation organ in the area where the real estate is located, and submit to the organ the titles of his houses and buildings, land-use rights certificates, contracts for land transfer and house property sales, real estate appraisal reports, and other information related to the real estate transfer.

He who frequently makes real estate transfers and thus has difficulty reporting each transfer shall, with the permission of taxation organs that have examined and verified his case, be allowed to make tax declarations on a regular basis, the specific deadline of which shall be determined by the taxation organs according to circumstances.

(2) He shall pay an amount of land value appreciation tax determined by taxation organs within the stipulated deadline.

Article 16. Where it is impossible to calculate the land value appreciation tax because a taxpayer has obtained his proceeds from transferring real estate before all projects have been completed and relevant accounts closed, and because of cost determination and some other factors, the land value appreciation tax can be collected in advance, and the excess amount returned and the deficit paid when the tax is recalculated after all projects are completed and accounts closed. Local taxation bureaus in provinces, autonomous regions, municipalities directly under the central government shall draft specific methods on this matter according to their realities.

Article 17. The site of real estate as prescribed in Article 10 of the regulations refers to the site where the real estate is located. A taxpayer who transfers real estate located in two or more areas shall file separate tax forms at the respective areas where the real estate is located.

Article 18. Materials that shall be supplied by land administration departments and real estate administration departments to taxation organs, as prescribed in Article 11 of the regulations, refer to materials supplied to taxation organs located in the same area as the real estate, such as titles of houses and buildings, land-use rights, land transfer prices, standard price for land, market price for real estate transaction, and changes in ownership.

Article 19. A taxpayer who, in violation of relevant stipulations, fails to supply titles of houses and buildings, land-use certificates, contracts on land transfer and on purchase and sales of house property, real estate appraisal reports, and other materials related to real estate transfer shall be dealt with according to Article 39 of the "Law of the People's Republic of China on Tax Administration" (hereinafter referred to as "Administration Law")

A taxpayer who fail to declare exactly the amount of real estate transacted, and deductions granted according to stipulations, and thus pays less or no taxes for the transaction, shall be dealt with according to Article 40 of the "Administration Law."

Article 20. The Renminbi shall be used as the unit of calculation for the land value appreciation tax. Where foreign currency is received as proceeds from real estate transfer, it shall be converted to Renminbi according to state-published market exchange rates given on the dates or on the first days of the months when the proceeds are received, and the land value appreciation tax shall be calculated accordingly.

Article 21. The method of collecting land appreciation fees in various localities, as prescribed in Article 15 of the regulations, refers to the method of collecting land appreciation fees and land gains fees for the same purposes as prescribed in those regulations.

Article 22. The Ministry of Finance or the State Administration of Taxation shall be responsible for interpreting these rules.

Article 23. These rules shall take effect on the day of promulgation.

Article 24. The land value appreciation tax for the period from 1 January 1994 to the date of promulgation of these rules shall be calculated and levied according to these rules.

[Signed] The Ministry of Finance of the People's Republic of China

[Dated] 27 January 1995

Column on Cooperation Between State, Local Tax Bureaus

HK2102121095 Beijing LIAOWANG in Chinese No 3, 16 Jan 95 p 33

["Readers, Writers, and Editors" column by Shen Aiming (3088 1947 3046) and Jiang Hua (1203 5478) of Jiangsu Province: "Cooperation Between State Tax Bureaus and Local Tax Bureaus Should Be Strengthened"]

[FBIS Translated Text] Dear Comrade Editor:

According to the requirements of the tax-sharing system, tax authorities have to be separated into state tax bureaus and local tax bureaus. So far, the separation of tax authorities has basically been completed all across the country and they have gone into normal operation in their respective roles. However, judged by what is happening in the actual operations, there is some degree of a lack of smooth coordination and cooperation between the state tax bureaus and the local tax bureaus which finds expression in the following phenomena: One, scrambling for tax resources. Because the tax authorities have just been separated and the relevant conditions are not yet completely ripe, in some localities, the state tax bureaus are still taking care of the taxes which local tax bureaus should be managing. Both state tax bureaus and local tax bureaus have their own tax-collecting quotas to meet, hence the phenomenon of both state tax bureaus and local tax bureaus collecting taxes from the same sources, especially from country fair business. This has confused some taxpayers and affected the overall public image of the tax authorities. Two, shifting of responsibility. State tax bureaus and local tax bureaus shift responsibility on to each other for some old problems left over from before the separation. For instance, during the handover and takeover of work, one side says this problem has now been put under the jurisdiction of the local bureau or the state bureau, while the other side says this is an old problem left over from before the separation of the tax authorities, so it should be handled by whoever used to handle it. In the meantime, on some long-standing, large, and difficult problems which are rather thorny to handle, neither side is willing to take the trouble, so they try to shirk responsibility. As a result, some loopholes will occur of which some unlawful people can take advantage. Three, each doing things in its own way and pursuing selfish departmentalism. After the state tax bureaus and local tax bureaus were separated, each side had a set of offices and tax collection and management contingent and both advertise the importance of their own functions to the public. However, when it comes to explaining and interpreting tax policies toward taxpayers, the relevant staff in some state tax bureaus refuse to explain the content of the policies for local taxes and vice versa. They also do things in their own way and lack coordination when organizing tax inspection of enterprises, giving rise to a certain degree of antagonistic sentiment in the tax accountants of the taxpaying enterprises.

In view of this, we think the cooperation and coordination between the two types of tax authorities should be strengthened after they are separated. First, it is necessary to clearly define the functions and obligations of each side. State tax bureaus and local tax bureaus must not overlap each other in tax collection and management. The taxes which state tax bureaus are managing on behalf of local tax bureaus should be handed over to the latter as soon as possible, to prevent scrambling for tax resources. Second, it is necessary to convene joint conferences of the two types of tax authorities on a regular basis at which some shared problems can be addressed, such as those concerning the organization of tax inspection and propaganda on the tax law. These should be left for the two organs to carry out in

conjunction with each other as much as possible, to reduce the workload on the taxpaying units and individuals required to deal with such inspections and propaganda and, in the meantime, also to improve the effectiveness of the interpretation of tax policies. Third, it is necessary to conduct examination of tax collection. This is mainly to find out if some problems left over from before the separation of the tax authorities and some sticky, long-standing, large, and difficult problems in the routine tax collection and management have been handled, with a view to constantly improving the efficiency of tax collection and management.

New Regulations on Duty-Free Sales of Gold Ornaments

HK1802021195 Beijing ZHONGGUO XINWEN SHE in English 1114 GMT 17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (CNS)—People's Bank of China adopts a series of control measures to regulate retail of gold and silver ornament items available in duty free shops in China. The measures are as follows:

First, duty free shop operators who want to undertake retail business of gold and silver ornament items are required to apply for a permit issued by a local branch of the bank for such business.

Second, with the approval of the General Administration of Customs duty free shopping malls under the overseas Chinese service system can import gold and silver ornaments from foreign countries and have them stored in bonded warehouses supervised by the local customs bureau. Shop operators having a business scope covering overseas gold and silver ornaments are also required to submit a monthly report on categories and quantity of imported items to the local branch of the bank for keeping record.

Third, except for duty free shopping malls under the overseas Chinese service system, other domestic duty free shops have to seek approval from the head office of the bank for the import of gold and silver ornaments from overseas.

Fourth, the running of gold and silver ornament items available in domestic duty free shops as well as in the overseas Chinese tax-free shopping malls is confined only to retail business. They are not allowed to undertake wholesale business while at the same no management of the retail business by foreign businessmen is permitted.

Commentator Advocates Social Insurance System

HK2102090595 Beijing RENMIN RIBAO in Chinese 7 Feb 95 p 1

[Commentator's article: "Speed Up the Establishment of a Social Insurance System With Chinese Characteristics"]

[FBIS Translated Text] The establishment of a social insurance system with Chinese characteristics is a major event vital to the deepening of reform, the promotion of development, and the maintenance of stability. In line

with the relevant requirements of the party Central Committee and the State Council, party organizations and governments at all levels should attach great importance to this task, be bold in blazing new trails, stress practical results, and energetically conduct experiments to advance this work in a thoroughgoing manner.

The establishment of a social insurance system with Chinese characteristics is urgently required by the development of China's current situation. With the in-depth development of economic reform and the constant progress of society, the establishment and improvement of a multilevel social insurance system has become an extremely important link in building a socialist market economic structure. The introduction of some major economic reform measures last year, as well as the implementation of the "Interim Regulations on the State Civil Servant System" and "Labor Law," has deepened people's understanding of this issue. The unfolding of the economic restructuring with the establishment of a modern enterprise system as a focus will more prominently demonstrate the important role of social insurance in boosting economic growth and stabilizing social order.

Social insurance is a type of system building which has fundamental significance. Viewed from the perspective of economic development, it adjusts, through certain mechanisms and policies, the relationships between different interest groups, ameliorates and prevents social shocks which are likely to happen, maintains social stability, and ensures the smooth progress of reform, opening up, and economic construction. The establishment of a social insurance system also helps adjust the consumption structure, expand reproduction, and carry out more satisfactorily macroeconomic regulation and control. Viewed from the perspective of social development, the establishment of a social insurance system is a strategic measure for achieving the grand objective of modernization. Take our aging population as an example. The situation is very grim as the aging process in our country is accelerating and our burden in providing for the aged is increasing annually. If a corresponding social insurance system is not established promptly, it will seriously restrict economic growth. Therefore, the establishment of a social insurance system is not an expedient device but a measure of far-reaching significance. Viewed from the perspective of reform of the personnel system and the labor system, the social insurance system determines the progress and development of the two important reforms. The growth of labor and qualified personnel markets, the distribution and flow of labor and human resources, the streamlining of the administrative structure, and the normalization of the practice of rotating cadres and dismissing employees cannot do without the support of the social insurance system. In addition to this, the deepening of economic restructuring in various ways should also be coordinated by the implementation of the social insurance system to yield good results.

The establishment of a social insurance system with Chinese characteristics is a quite difficult task. In the course of carrying out this task, we should proceed from our national conditions and make serious calculations and verifications

in light of the specific conditions in various localities. We should also mobilize the active participation of cadres and the masses, increase transparency, heighten consciousness, unite in thought and deed, develop it step by step in accordance with the principle of experiment first and popularize later, and constantly improve the implementation plan in the course of practice. Due to their different conditions, party and government organs and public institutions require different things from the social insurance system than enterprises do. In this respect, they should work according to their different conditions in line with the relevant regulations of the party Central Committee and the State Council. But they also have a common point. That is to say, in terms of system, they all face the issue of remuneration, funds, and management and, in terms of work, they should give first priority to endowment insurance. The issue of endowment insurance is something everyone will face and the payment of pension also spans a very long period and is of universal significance. As long as the endowment insurance issue is set in motion, we have grasped the principal contradiction and the system as a whole can be established gradually. Naturally, we should not overlook the unemployment insurance and the injury insurance either but we should start this work as quickly as possible in light of the situation and formulate feasible regulations.

In the course of establishing an endowment insurance system, we should do the designing and organizational work painstakingly and gradually push for the socialization of insurance services. It is necessary to stress the unity of rights and obligations and implement the principle of rational burden jointly undertaken by the state, units, and individuals and of integrating overall social planning and individual accounts. We should combine impartiality with efficiency and develop a multilevel system consisting of basic insurance, enterprise supplementary insurance, and individual savings insurance. Attention should be paid to suiting the endowment insurance level to China's productive force level, the aging population trend, and the ability of various quarters to withstand the strain. It is necessary to set up a partially accumulated endowment insurance fund and separate government administration from fund management, making the two coordinate with and supervise each other. Our objective is to basically establish, by the end of this century, an endowment insurance system which meets the needs of the socialist market economic structure, has numerous sources of funds, includes multilevel endowment insurance, unifies rights with obligations, and has socialized management services; to establish a basic endowment insurance system applicable to cadres and workers in various party and government organizations, public institutions, and units and to all kinds of laborers in enterprises consisting of many ownership and many economic sectors.

To date, experiments in establishing a social insurance system are being conducted in many localities and very good experience has been gained. This has provided enlightenment and lessons for the overall development of the work. In line with the unified plan and requirements of the party Central Committee and the State Council, and in

conjunction with practical conditions, all localities should work out operational plans which are suited to local conditions. They should go into action as quickly as possible, make explorations and innovations, and sum up experience and perfect it through practice. Let us plunge into this work with a high sense of responsibility and urgency and contribute our bit to the establishment of the social insurance system with Chinese characteristics at an early date.

Survey Shows Cost of Commercial Housing Soars

HK1802020195 Beijing ZHONGGUO XINWEN SHE in English 1353 GMT 17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (CNS)—China's Ministry of Construction recently conducted a survey on price of commercial housing built by more than 20 urban property developers. The survey revealed that cost of commercial housing had shot up sharply.

The price had risen from RMB [Renminbi] 702 per square meter in 1990 to an average price of RMB 1,282 per square meter in 1993. In some cities like Beijing, Shanghai, Guangzhou and Shenzhen, the price had even skyrocketed to a range of RMB 7,000 to RMB 8,000 per square meter.

As revealed by the survey, price increase year after year was not just because of the rising land cost and cost of construction materials. The most important factor, however, was numerous miscellaneous and random charges. For example, in Guangzhou City, from land grant to completion of the development project and sales of the housing involved, altogether there were as many as 62 items of taxation charges, accounting for approximately 45 percent to 50 percent of the total cost if the land cost was included.

Non-State Economy Expands in Northeast

HK1802082895 Beijing CHINA DAILY in English 18 Feb 95 p 5

[By Song Lijun: "Non-State Economy Expands"]

[FBIS Transcribed Text] Shenyang—The non-State sector in Northeast China's Liaoning Province expanded rapidly last year, outpacing State-owned firms.

The gross domestic product of the province reached 251.2 billion yuan (\$29.6 billion), up 11.2 per cent from 1993 according to the provincial statistics bureau.

The total output of non-State companies grew 25.1 percent to 57.82 billion yuan (\$6.8 billion).

In contrast, the output of State-owned firms increased only 3.2 percent.

The non-State sector includes collective, private, foreign-funded and township enterprises.

The output of township enterprises hit 53.2 billion yuan (\$6.3 billion), up 28.1 percent from 1993.

By the end of 1994, Liaoning had approved 10,565 foreign-funded enterprises, of which 3,969 had been put into operation.

Guangdong Achieves Economic Success in 1994

HK1802020095 Beijing ZHONGGUO XINWEN SHE in English 1352 GMT 17 Feb 95

[FBIS Transcribed Text] Guangzhou, February 17 (CNS)—Guangdong's national economy made remarkable progress last year despite suffering from serious natural disaster. Gross domestic product (GDP) of the province increased by 18 percent over 1993 to hit RMB [Renminbi] 417.5 billion. Gross imports and exports valued at US\$ 96.66 billion and of which, gross export value reached US\$ 50.21 billion, respectively increasing by 23.4 percent and 34.2 percent over the 1993. [sentence as received]

Statistics revealed that last year Guangdong's gross output value of industry and agriculture increased by 23.4 percent over 1993 to reach RMB 801.8 billion. Township enterprises continued to develop, registering a total output value of RMB 341.5 billion, or a 45.3 percent growth. Fixed assets investment valued at RMB 204.6 billion, 25.5 percent up on a year-on-year basis.

Actual utilization of foreign capital in 1994 reached US\$ 11.46 billion, a 18.5 percent rise over 1993. Of which, direct investment by foreign businessmen was US\$ 9.4 billion, a 25.3 percent growth over 1993. Gross retail sales of social commodities rose by 28.2 percent over 1993 to register RMB 175.75 billion, a real growth of 7.8 percent taking inflation into consideration. There was better linkage between production and marketing.

Finance & Banking

Concern for Financial Situation in Beijing

HK1802020895 Beijing ZHONGGUO XINWEN SHE in English 1214 GMT 17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (CNS)—Beijing municipal government for the first time a big amount of money rather than withdrawn from circulation. This phenomenon highlighting the anxiety of the financial situation here, the Deputy Director of the Financial Research Office of the People's Bank of China (PBC), Gan Peigen said at the 3rd session of the 8th Municipal People's Political Consultative Conference.

The municipality's financial situation last year can be summed up in three points, according to Mr. Gan. First, bank deposits continued to grow sharply which guaranteed a source of capital for economic build-up. As of late last year deposits taken by main financial institutions here was valued at RMB [Renminbi] 231.1 billion, a gain of RMB 67.9 billion over the previous year. The amount of deposits placed by enterprises totaled over RMB 103.7 billion or a rise of 30 percent while saving deposits in its urban areas reached RMB 85.3 billion, some 50 percent up. Mr. Gan was convinced that growth in deposits was mainly due to a practice of settlement and sale of foreign exchange employed in the reform of the foreign exchange system. An increase in personal earning also played a role in the gain of deposits.

Second, the release of loan rose to RMB 107 billion or an increase of 18 percent while bank deposits of some RMB

100 billion were given out to support economic construction elsewhere outside the municipality.

Third, poor withdrawal of currency from circulation aroused concern to some extent. Beijing underwent for the first time since 1959 a net sum of currency as much as RMB 400 million put into circulation when taking into consideration the part withdrawn from circulation. Such phenomenon helped increase the inflationary pressure.

Difficulty in getting currency withdrawn from circulation, according to Mr. Gan, is mainly due to four reasons. First, cash possessed by the public rose. Second, the process of withdrawal of currency from circulation by means of sale of commodities was weakened. Third, cash revenue by service business entities in Beijing grew at a mere 36.7 percent last year, registering a drop of eight percentage points over the year before. Fourth, purchase of foreign exchange was some US\$ 2 billion more than sale of it which in turn caused a bigger sum of currency put into circulation.

Mr. Gan who has long worked in the financial research sector suggested that a wide variety of commodities be introduced into the market and quality of commodities be upgraded. Sale of commodities should be made again the very means for the withdrawal of currency from circulation. The financial researcher also pointed out that the share of foreign exchange should be accounted for when the renminbi is put into circulation. People's Bank of China known as the central bank should properly adjust interest rate at a time when commodity price stands high so as to prevent a slide in savings deposits.

Guangdong Governor Announces Ban on Property Projects

HK1802071495 Hong Kong SOUTH CHINA MORNING POST in English 18 Feb 95 p 7

[By Chan Wai-Fong in Guangzhou]

[FBIS Transcribed Text] Guangdong Governor Zhu Senlin yesterday revealed more austerity measures for his province, including a ban on new property developments, in a bid to control the excessive growth of fixed assets investment and combat inflation. However, the ban on new property projects will not include those funded by foreign investors exclusively.

Speaking at the opening of the Guangdong People's Congress in Guangzhou, Mr Zhu told 713 delegates the emphasis this year would be on the adjustment of the province's economic mix, the strengthening of macro-economic controls and fighting inflation. Warning that the scale of real estate property investments remained large last year, Mr Zhu said his government would impose a ban on new real estate property projects except certain categories.

These included those involving foreign investment, housing for the needy, projects under the Government's urban redevelopment plan, public infrastructure facilities and related projects. Peter Wong Man-kong, a Hong Kong

delegate to the congress said he believed the move was aimed mainly at local investment at township and village levels.

Industry sources said the real estate market in Guangdong was already at a low ebb because of the credit crunch imposed by the central Government. A real estate boom in the province during the past few years had seriously strained capital circulation. The director of Guangdong's State Planning Commission, Lin Shusen, admitted at the congress that the province faced a capital problem in financing its construction projects because of an "unreasonable fixed assets investment mix".

He said this was also a main factor behind the province's spiralling inflation in the past few years. Inflation in Guangdong in the past two years topped 18 and 18.9 percent respectively. Although the growth in fixed assets investment has fallen from the 51.3 percent in 1993 to 25.5 percent last year, fixed assets investment projects completed last year still cost the local government a total of 130.9 billion yuan (HK\$119.38 billion). If investment made by the central Government and foreign investors was included, the total doubled to 204.6 billion yuan. According to Governor Zhu Guangdong will build more than 30 infrastructure projects this year at a total cost of 101.2 billion yuan.

Guangdong Finance Minister Announces Budget Cut

HK1802073295 Hong Kong SOUTH CHINA MORNING POST in English 18 Feb 95 p 7

[By Chan Wai-Fong in Guangzhou]

[FBIS Transcribed Text] Guangdong Finance Minister Zeng Bingsheng yesterday announced a belt-tightening budget for 1995 although the Government registered a surplus last year. The Minister said better control over government expenditure was necessary despite the increase in revenue.

Total expenditure in 1994 totalled 41.6 billion yuan (HK\$38.1 billion), up 24.47 percent. Revenue amounted to 44.3 billion yuan, including a rebate of value-added tax (VAT) which Guangdong received from Beijing last year. The VAT was a new tax introduced by Beijing last year to replace the industrial and commercial tax. The central treasury receives 75 percent of VAT revenue with the remaining 25 percent going to the regional Government.

However, Beijing has promised to compensate the regions for lost tax revenue in the form of rebates, if their tax income in 1994 was lower than the previous year. Mr Zeng yesterday told the Congress that the Government's revenue in crease last year was a result of a strengthening of tax collection and introduction of personal income tax.

He warned that losses by state enterprises remained serious and indicated that natural disasters were costing the Government dearly. Losses state enterprises jumped 96.1 per cent and reached 136 billion yuan. In addition, they owed the Government 337 million yuan in taxes, up

50.1 percent from 1993 Compensation and repairs for natural disasters last year cost the Government more than 800 million yuan.

Although Guangdong Governor Zhu Senlin claimed there had been a 34 percent reduction in government establishments in 1994, growth in administrative expenses was a major factor behind the budget increase last year. An increase of 36.5 percent (5.7 billion yuan) in administrative expenses was reported last year. According to Mr Zeng, tax revenues from virtually all sectors are expected to increase in 1995. Subsidies to ailing state enterprises will total only 1.5 billion yuan, 13.8 percent down from last year.

Liaoning Financial, Tax Meeting Ends

SK1602145095 Shenyang LIAONING RIBAO in Chinese
20 Jan 95 p 1

[By reporters Dong Changli (5516 1603 4409) and Ju Zhijia (7263 1807 0502): "Deepen and Perfect the Reform of Financial and Tax System and Persist in Strict Revenue Management and Tight Expenditure"]

[FBIS Translated Text] The three-day provincial meeting of directors of financial and tax bureaus successfully ended on 19 January. The meeting reviewed and summarized the experiences gained from last year's financial and tax work and the obvious achievements scored in this aspect. The meeting also conscientiously discussed how to further deepen and perfect the reform of financial and tax system, arranged for the 1995 financial and tax work, and planned for financial and tax revenues and expenditures.

Vice Governor Xiao Zuofu attended and addressed the meeting. He said: In 1994, according to the central authorities' principles of "seizing the opportunity, deepening the reform, expanding the scale of opening up, promoting development, and maintaining stability," the province's financial and tax departments emancipated the mind, persisted in reform, appropriately handled the relations among reform, development, and stability, and did a lot of work to promote the sustained, rapid, and sound development of the province's economy. These departments also positively organized and promoted the reforms in financial and tax, banking, foreign trade, and investment fields, and basically realized the stable transition from old to new financial and tax system. In the course of ensuring the basic demands for developing various economic and social undertakings, the province's financial and tax departments also absorbed many newly added factors for increased expenditures, thus striking a balance between revenue and expenditure. He also fully affirmed the assiduous labor and the obvious achievements made by the province's financial and tax cadres in the past year.

After analyzing the province's economic situation, Xiao Zuofu said: The achievements scored in the reform of financial and tax system last year were just the achievements at the present stage and thus cannot be overestimated. In this new year, financial and tax departments at all levels should pay attention to resolving the new problems emerged in the operation of the new tax system in order to promote the sound and normal operation of the new tax system. Meanwhile, around the tax system reform,

these departments should concentrate their efforts on studying, formulating, and instituting some financial and tax policies and measures that will obtain momentum for the development of the province's local economy and that will have an important bearing on the increase of local financial revenue. By continuously exploiting the role as the "supervision and monitoring network for the new system," tax departments should conduct a trace supervision over the major tax revenue policies that have been set forth recently and that will soon be set forth by the state in order to resolve problems as soon as they are discovered. By embracing the idea that economic development is the only way to expand financial source, tax departments should formulate, in line with the province's realities, supporting methods and detailed rules to implement the new tax system within the sphere permitted by the state according to the state tax laws. Based on the financial system formulated by the state for our province, in the light of the features that the local tax categories are odd and scattered and are difficult to be collected and managed, we should pay attention to cultivating and tapping local tax sources and establish through study the province's system concerning local tax revenue in a bid to ensure that the province's system concerning local taxes is identical to the orientation and goal of the overall tax system reform of the state and make the province's local tax system embark on the orbit of legalization and standardization and develop towards the goal of sound operation with high starting point and high standards.

Xiao Zuofu said: This year, the management of extra-budgetary funds and the control over social funds should be strengthened. Under the new financial and tax system, major changes have already taken place in the extra-budgetary funds, and therefore financial departments should regard the strengthening and the standardization of the management of extra-budgetary revenue and expenditure as a major content of the deepening of financial system reform. On the basis of fostering a comprehensive financial viewpoint and persisting in the principle of depositing extra-budgetary funds in special accounts and the principle of managing revenue and expenditure in a unified manner, we should manage extra-budgetary funds according to the methods for managing budgetary funds. The revenue distribution relations between various sectors should be brought into better balance. Over the past few years, the province's financial revenue has increased by a relatively wide margin, however, the difficult state in finance has not changed as yet. Expenditures have increased sharply, financial departments have taken on too many things and provided for too many staff members, and most of the financial revenues have been spent on individuals. The proportion of the expenditure simply of a consumption nature has been too great, and the utilization efficiency of funds has declined. We must increase the dynamics of reform and readjust expenditure structure to improve the utilization efficiency of financial funds. We should further standardize the limits of supply by financial departments in order to change the old tradition that financial departments took on too many things and all social undertakings were undertaken by the state and were

funded by financial departments. There has been a viewpoint over the past several years, that is, under the condition of market economy, the basic task of financial departments is just to "keep alive," and particularly under the difficult financial situation, it is not easy to ensure the mandatory expenditures, and thus there is no spare strength to engage in construction. This viewpoint is wrong. The socialist finance is by no means a socialist welfare finance. Hence, the socialist finance should never refuse to bear the burden in undertaking economic construction at any time. Financial departments should gradually change the expenditure structure under which the proportion of the expenditures on providing for the staff is relatively great and should strive to establish a stable structure under which the finance is oriented to production and construction.

Xiao Zuofu stressed: Adhering to the principle of being strict in organizing revenues and being tight in arranging for expenditure, we should make concerted efforts to increase revenues and reduce expenditures with a view to creating a new situation in the province's financial and tax work. By conscientiously implementing the central authorities' financial policy of retrenchment, we should continue to deepen and perfect the reform of financial and tax systems to help invigorate large and medium-sized state-owned enterprises. We should also strengthen and improve tax collection and management and keep expenditures within the limits of revenues to ensure the allocations earmarked for wage payment. We should increase the input in agriculture, support the development of education, science, and technology, administer finance and taxation according to the law, and strictly curb investment and consumption so that more funds will become available for disposal in Liaoning. At present, loopholes and financial discipline violations are universal and serious in the province's financial and tax revenues. All localities should be strict in organizing financial revenues, make great efforts to administer taxation according to law, and collect all the taxes that should be collected through strict collection and management. In 1995, the priorities for tax collection and management are to administer taxation according to the law, clean up various policies concerning tax reductions and exemptions, and strictly examine the cases of presumptuously providing tax reductions or exemptions and the cases of providing excessive tax reductions and exemptions within the limits of authority. And, wherever such cases are discovered, his leader should be called to account. Tax departments at all levels should pay attention to monitoring and controlling tax payers and strengthen supervision and examination over tax payment deadline of enterprises to ensure that the taxes paid by enterprises will be put in the state treasury in full amount. Those who intentionally defer or reject tax payment on all sorts of excuse or for illegal reason should be dealt with. We should further strengthen tax inspection and tax collection among individual and private enterprises, and those who evade taxes and make false receipts should be punished as severely and promptly as possible without any leniency. After the tax system is reformed, the emphasis of tax work lies in collection and management, and the emphasis of collection and management lies in inspection.

Therefore, inspection is the "priority among the priorities" of tax work. In local tax, the major target of tax collection, management, and inspection lies in personal income tax. We should formulate feasible methods to strengthen collection, management, and inspection of personal income tax in order to increase local financial revenues and alleviate the contradiction of unfair distribution. All levels of banks, auditing organs, and supervisory departments should closely cooperate with financial and tax departments to ensure that financial and tax organs exercise their supervision and penalty powers according to the law and to enhance the mandatory nature of the enforcement of tax laws. Public security organs, procuratorial organs, and people's courts should deal strict blows to tax evasion according to law.

Xiao Zuofu said: All levels of the government should give wide publicity to and implement the financial policy of retrenchment, and this should be embodied in breaking down this year's budget. Leaders and cadres of party and government organizations should consciously abide by the pertinent stipulations of the party and the state, subject themselves to the overall situation of economic work and to the overall interest of the state, carry forward the spirit of arduous struggle and plain living, and oppose extravagance and waste. All levels of political and legal, auditing, and financial departments should further strengthen supervision and examination over financial work and financial affairs. Those who refuse to enforce directives and prohibitions and violate financial and economic discipline should be dealt with severely without any leniency. So long as all levels of leaders and the vast numbers of workers and staff live an austere life altogether, price hikes and inflation can be resolved, and financial situation can be improved.

Conference on Tianjin Banking Situation in 1994

SK1702234095 Tianjin TIANJIN RIBAO in Chinese
2 Feb 95 p 1

[FBIS Translated Text] It has been learned from the Tianjin Municipal Banking Conference that the total savings deposits of banking departments across the municipality totalled 80.056 billion yuan last year, an increase of 11.016 billion yuan; all kinds of loans also increased steadily, and the amount of loans at the end of the year totalled 92.502 billion yuan, up 21.2 percent over the earlier portion of the year. The increase in savings deposits was greater than that of loans by 5.835 billion yuan, marking 1994 as the year with the smallest difference between savings deposits and loans since reform and opening up.

Of the various savings deposits, enterprise savings increased by 7.59 billion yuan, and savings deposits increased by 12.48 billion yuan. The reason for the simultaneous increase in both enterprise savings and savings deposits is that the various banking organs have enhanced their consciousness of funds; have always regarded absorbing savings as the foundation for establishing banks and companies; have tried by all possible means to adopt measures; have unceasingly increased the establishment of savings organs; and have strived to improve service.

Last year, the entire municipality increased loans by 16.15 billion yuan, the first to support state-owned large and medium enterprises with good efficiency and marketable products, and to support and cultivate new economic growing points. All banks actively supported the production of industrial enterprises, helped difficult enterprises end deficits and increase profits, and increased industrial loans by 2.5 billion yuan during the year. Second, they supported the construction of state and municipal key technological transformation and capital construction projects, and increased loans in this aspect by 4.838 billion yuan, up 800 million yuan over the previous year. The need of funds for a batch of key construction projects—such as the ethylene project, Jixian County power plant, Bohai petroleum project, and Xiali car projects—were guaranteed. Third, they increased the supply of loans for agricultural production and “vegetable basket” projects, and increased agricultural loans by 483 million yuan. Fourth, they helped difficult enterprises save themselves through production, helped to end deficits and increase profits, and increased loans for them by 210 million yuan. Fifth, they supported domestic and foreign trade and commercial units in their purchase and reserve of goods. The loaning structure was further optimized and the total amount of loans was controlled within the state-assigned quota. Balancing cash revenues and expenditures for the year, we found the net money supply was 120 million yuan, a decline of 848 million yuan, or 87.6 percent, over the previous year, marking 1994 as the year with the smallest amount of money supply in recent years. This has played a positive role in stabilizing the market and commodity prices, and in curbing inflation.

Tianjin has also smoothly realized the change from the old foreign exchange system to a new one, and guaranteed the municipal need of purchasing and selling foreign exchange. Last year, the foreign exchange settlement totalled \$2.211 billion, and the sales of foreign exchange totalled \$1.373 billion. In addition, Tianjin has also took the lead in the entire country in opening the foreign currency clearing business in other localities, has accumulatively cleared \$1.405 billion of foreign exchange funds, and has accelerated the rate of allocating foreign exchange funds. Through extensive business invitation, Tianjin has succeeded in making the total number of foreign-funded banking organs total 14.

In addition, municipal money markets have also been expanded, and insurance undertakings have developed rapidly. Annual money lending on the money markets totalled 49.82 billion yuan, up 36 percent over the previous year. The stock market has also developed and expanded. There were 92 stock organs of various descriptions, of which 46 were stock organs of other localities established in Tianjin. The Tianjin Stock Exchange Center has 285 member units, 90 percent of which are members from other localities. The total stock transaction of the municipality totalled 80.1 billion yuan, up 5.67 times over the previous year. Tianjin's foreign exchange adjustment markets have become the first group of members of China's Foreign Exchange Trading Center, and have further expanded their foreign exchange trading scales. The

total amount of foreign exchange put under regulation during the year totalled \$1.77 billion. The increasingly expanded three major money markets have played an important role in developing Tianjin's economy.

Tibet Firm Lists on Shanghai Stock Exchange *HK1802082995 Beijing CHINA DAILY in English* 18 Feb 95 p 7

[By Ren Kan: “Tibet Firm Lists Shares”]

[FBIS Transcribed Text] The Shanghai Stock Exchange yesterday embraced the listing of Tibet Mingzhu (Pearl Star) Co Ltd, the first such company from the autonomous region.

The price of the company's 30 million shares opened at 5.6 yuan (\$0.6) and closed at 5.95 yuan (\$0.7). The price of the shares hit a high of 6.25 yuan (\$0.74).

More than 11.95 million shares changed hands yesterday, which showed that investors have great enthusiasm in trading them.

The Mingzhu (Pearl Star) shares' performance was well because the overall market still is dominated by a declining mood. The composite index yesterday on the Shanghai market dropped by 4.6 points from the previous day.

With the listing of the Tibetan company, all 30 provinces, municipalities and autonomous regions have companies listed.

So far, 293 companies list their shares on the country's two stock exchanges located in Shenzhen and Shanghai.

“It's a milestone for Tibet's economic development, reflecting the fact that it has taken a major step forward in economic reform,” said Yang Chuantang, a senior official of the autonomous region.

He said reforms of the enterprise system in Tibet mean it is catching up with other parts of China, and is merging with the whole country and the world.

The Tibetan company, which operates one of the largest hotels in the Sichuan provincial capital of Chengdu, issued 30 million individual shares last month in Lhasa. These attracted many institutional and large stock investors.

The 1 yuan par value shares, only for Chinese investors, were issued at 3.6 yuan (\$0.4), bringing in 105 million yuan (\$12.5 million) for the company.

The funds collected in the offering will be used to invest in the tourism industry in Tibet and Sichuan. Tourism is the pillar sector in the regional economy.

The company plans to set up a tourism car company in Tibet to boost tourism transportation in that region.

It also will launch a handicrafts processing and trading company in Tibet and a three-star hotel in Sichuan.

The company's board of directors said the company will develop into a tourism conglomerate and investors expect to get a high return on their investment.

The company predicted its profits this year will amount to 26.53 million yuan (\$3.13 million), 123 per cent more than last year.

No Important Announcement at PBOC Shanghai Branch Meeting

HK2102061995 Hong Kong AFP in English 0548 GMT
21 Feb 95

[FBIS Transcribed Text] Shanghai, Feb 21 (AFP)—Hong Kong and Shanghai Banking Corp. has emerged as the most profitable foreign financial institution in Shanghai, while Standard Chartered Bank is tops in terms of assets, according to a central bank ranking. The ranking table obtained Tuesday showed Bank of Tokyo (BOT) leading 27 branches of foreign financial institutions in foreign currency loans while Citibank was ranked number one for foreign currency deposits. The table did not provide figures.

It was released to branches of foreign banks, finance and insurance companies at a meeting called Monday by Mao Yinliang, governor of the Shanghai branch of the People's Bank of China (PBOC).

BOT was the second largest financial institution in terms of assets. It performed well in two other categories—foreign currency deposits and profitability—where it came in third. Hong Kong Bank ranked second in terms of foreign currency loans while Thailand's Chia Tai International Finance Co. Ltd. came in second for foreign currency deposits and profitability. Another Japanese bank which performed well was Sanwa Bank, which was ranked third in the assets and foreign loans categories.

Three of the four banks which remained in Shanghai after the communist takeover excelled in export settlements, with Hong Kong Bank leading Singapore's Overseas Chinese Banking Corp. and Standard Chartered Bank.

The PBOC has given approval to 33 foreign financial institutions to open branches in Shanghai. Only 27 are fully operational while the rest have just started business.

Bankers had expected to hear an important announcement at the rare meeting but no announcement was made. "There was nothing much, it was just a review of 1994 performance and what the PBOC intends to do this year ... everything has been reported in the papers," said an Asian banker. "Mao said in his personal view it is not possible to open up the renminbi business this year," the banker said. But he had the impression that it was likely the PBOC would this year relax foreign exchange transactions, which now are channelled through the Foreign Exchange Trade Centre. A French banker said he had a similar impression that the foreign exchange market would be open to foreign bankers this year. Foreign bankers are hoping that the PBOC would allow two-way transactions at the swap centre as well as inter and intra-bank dealings.

Bank Announces Deposits at Record High

HK1802083095 Beijing CHINA DAILY in English
18 Feb 95 p 7

[By Zhang Yu'an: ICBC Deposits Hit Record \$138b"]

[FBIS Transcribed Text] The Industrial and Commercial Bank of China (ICBC), the country's leading commercial bank, yesterday announced that bank deposits had totalled a record 1,159 billion yuan (\$138 billion) at the end of January 1995.

Of this, 718.2 billion yuan (\$85.5 billion) were personal deposits, representing a net one-month increase of 24 billion yuan (\$2.85 billion), according to figures released by the bank yesterday.

This plays an important role in speeding up the withdrawal of currency from circulation, curbing inflation, enhancing the bank's financial ability and supporting national economic development, according to a bank report.

One of the major tasks the bank set at the beginning of this year is to attract more savings deposits. Its goal for 1996 is to raise savings deposits by 200 billion yuan (\$23.8 billion).

To reach the goal, the bank will increase its savings offices' work efficiency throughout the country utilizing more computers. So far, bank computerized savings offices number 160,000, accounting for 46 per cent of the total.

The bank also has installed nearly 3,000 Automatic Teller Machines and Point-Of-Service machines in about 100 large and medium-sized cities of the country.

To lure more savings deposits, the bank has launched a special service to handle direct deposits for employees in enterprises and institutions. With this service, the pay of each employee at those enterprises and institutions is directly entered into his or her account in the bank. This helps the bank increase its savings deposits.

By the end of last year, the bank had provided such service to 28.99 million employees in about 234,000 work units around the country, according to the report.

The bank also has planned to explore new services for pensions, social services, communications, telecommunications and housing in order to increase savings deposits.

Norinco Signs Credit Deal with Export, Import Bank

HK1802082095 Beijing CHINA DAILY in English
18 Feb 95 p 5

[By Lao Zhang: "Norinco, Bank Ink \$11.9m Deal"]

[FBIS Transcribed Text] China North Industries Corporation (Norinco) yesterday signed a contract in Beijing with the Export and Import Bank of China on a 100-million-yuan (\$11.9 million) seller's credit deal.

This is the first time the bank provided such a financial service to Norinco, the sixth largest exporter among the country's top 600 firms in 1993.

The seller's credit will be used to support Norinco in exporting 441 Tiema brand heavy-duty trucks to Thailand. The export deal is worth \$28.73 million, a Norinco official said.

The 15-ton trucks are manufactured at a plant located in Chongqing City, Sichuan Province.

Norinco's long-term strategy is to export more machinery and electronics products.

Last year, Norinco's total export and import volume reached more than \$1.98 billion, of which \$621.2 million were earnings from exports of machinery and electronics products.

In 1994, it exported 1,200 tractors to Syria, marking the first time China exported tractors to the Middle East. It also exported 440 Jiefang brand trucks to Thailand, the official said.

Norinco now is negotiating with foreign partners to export power station equipment to Thailand and tractor assembly lines to Syria and Cyprus as well as deals to supply equipment to electric railway and highway construction projects in the Middle East.

To promote its export business Norinco yesterday said it hoped to get more financial support from the bank.

Lei Zuhua, bank president, told Norinco officials at the signing ceremony the bank hoped to strengthen cooperation with Norinco to expand business for both sides.

The bank, which began operating in July last year, is designed to help Chinese firms export more machinery and electronics products. Since its establishment, it has signed seller's credit contracts worth more than 3 billion yuan (\$357.1 million) with Chinese exporters.

Experts Call For Small-Denomination Currency

OW2002074695 Beijing XINHUA in English 0704 GMT 20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—Experts here suggest that the structure of the local currency should be improved and more money in denominations smaller than two yuan (about 0.24 US dollars) be supplied, according to the "China Reform News".

After a survey of 15 local commercial banks, three urban credit cooperatives, and nine companies, as well as shoppers and markets, experts at the Beijing branch of the People's Bank of China say that the proportion of larger denomination notes has increased in recent years, leaving smaller ones in short supply.

The situation has, to some extent, affected the normal operation of commercial transactions, according to the experts. For example, on a large scale, an increased amount of money in circulation as a result of price rises is a factor in changing an otherwise rational supply structure of various denominations.

Statistics indicate that the amount of money put into and withdrawn from circulation in the Chinese capital grew 40.6 percent and 46.4 percent, respectively, in 1993, and rose by 51.2 and 39.2 percent in the first half of last year.

The experts also found that 100-yuan and 50-yuan notes have replaced ten-yuan bills as the major denominations, while two-yuan and one-yuan notes have virtually become small change, the demand for which has been on the rise.

Coins, which have long been used as small change, have practically disappeared from circulation because of price hikes. The supply of coins, as a matter of fact, has been dropping by 20 percent a year.

The fast development of the service industry and the growing "floating" population have also contributed to the current shortfall of small change in Beijing, the experts say.

The fact that banks are under-staffed and ill-equipped has sometimes made increasing the supply of small change very difficult, they noted, saying that the amount of two-yuan notes and smaller denominations should be increased while the supply of coins should be cut dramatically, as they are not easy to carry.

Sinopec Becomes Major Tax Contributor

HK1802081995 Beijing CHINA DAILY in English 18 Feb 95 p 5

[By Zhang Yu'an: "Sinopec Anticipates \$2.38b Tax Bill"]

[FBIS Transcribed Text] China Petrochemical Corporation (Sinopec), one of the country's major tax contributors, will hand over more than 20 billion yuan (\$2.38 billion) in taxes and profits to State coffers in 1995.

The move is to help the country increase its revenue and support its sustained high economic growth, a Sinopec report said.

Another target set by Sinopec for this year is to bring its five year pre-tax profits to total 100 billion yuan (\$11.9 billion).

Last year, Sinopec earned 151.6 billion yuan (\$18.04 billion) from its sales, up 22.4 per cent over the previous year. It earned 24.2 billion yuan (\$2.88 billion) in pre-tax profits, which was an increase of 15.2 per cent over 1993.

Sinopec also outlined its major goals for 1995. They include rationally allocating resources and readjusting product structures to meet market demand; increasing the refining of crude and output of refined oil, chemical fibers and especially chemical fertilizer to support agriculture production; continuing to carry out reform on the crude and refined oil circulation system to establish a standardized, orderly circulation system of oil products, and experiment with turning itself into a State holding company. The report said.

In 1994, Sinopec refined 108 million tons of crude, produced 55.28 million tons of refined oil, imported 12 million tons of crude from foreign countries, turned out 1.87 million tons of ethylene and made 5.24 million tons of urea, a highly effective chemical fertilizer.

The report said in 1994 Sinopec gained initial success in implementing reform on crude and refined oil circulation systems. The reform is aimed at establishing a centralized distribution of crude resources and refined oil.

Through increasing crude purchasing prices, the reform helped the country's oilfields to increase income which eased their difficulties, especially the capital shortage problem, and played an active role in promoting crude production in the country, the report said.

By controlling refined oil prices and streamlining its circulation channels, the reform helped to stabilize the refined oil market by curbing speculative activities, which safeguarded State and consumers' interests, the report said.

The reform also helped the country effectively control rampant imports of refined oil which once threatened the domestic refined oil market and caused market chaos before reform was carried out in the first half of last year.

The reform has helped maintain a general balance between production, sales and transportation of oil products in the country.

Income Taxes Contribute Record Amount of Revenue

HK2002143095 Beijing CHINA DAILY in English
20 Feb 95 p 1

[By Gao Bianhua: "Income Taxes Hit Record Last Year"]

[FBIS Transcribed Text] Personal income tax will be one of China's most promising categories of taxation as a result of the rapid growth of the economy and residents' income, experts say.

Last year this sector contributed larger revenues than ever before.

China collected 7.248 billion yuan (\$863 million) in personal income tax in 1994, accounting for 1.8 percent of the country's total industrial and commercial tax, statistics indicate.

That represented an increase of nearly 55 percent over 1993. Bigger growth happened during the first 11 months of last year to hit 78.4 percent, greatly exceeding the industrial and commercial tax growth during the same period—28.4 percent.

China planned to levy personal income taxes on wage earners as early as the 1950's but it only became a reality in 1980. In that year the country only collected 162,000 yuan (\$19,286). Most taxpayers were foreigners then.

Experts attributed last year's fast growth in tax collection to a revised law on personal income tax adopted from early 1994. This helped reinforce people's awareness of paying income tax.

Under the new law, people earning more than 800 yuan (\$95) per month are liable to pay 5 percent on the sum exceeding 800 yuan, the bottom line for personal income tax.

The progressive tax rate for monthly incomes of more than 100,000 yuan (\$11,905) hits a maximum of 45 percent.

At present, a high-income class has formed in China. It includes private businessmen and private enterprise owners, contractors of state-run firms, senior Chinese employees in overseas-funded enterprises and institutions, as well as singers and film stars.

More than 1 million people enjoy more than 100,000 yuan (\$11,905) in annual income and a further 4.4 million

people earn more than 30,000 yuan (\$3,571) per year, China Taxation News said in a report.

The newspaper said the State Administration of Taxation will take measures to strengthen the collection of personal income taxes this year in a bid to readjust high incomes and curb inflation.

Experts estimate China should collect at least 10 billion yuan (\$1.2 billion) of personal income tax every year considering the current residents' annual income.

Surveys by the State Administration of Taxation and other governmental agencies show around 50 percent of personal income taxes are evaded in China, said a report in the Beijing Evening News.

Collecting measures are yet to be perfected.

For example, some units which pay salaries directly to their employees have failed to act as agents of personal income tax collection as required by law.

And some overseas film and singing stars, who can get tens of thousands of yuan for one performance, leave the Chinese mainland without paying personal income tax.

Foreign Trade & Investment

RENMIN RIBAO on Illegal Audio-Visual Goods

HK2102123595 Beijing RENMIN RIBAO in Chinese 24
Jan 95 p 10

[Article by Zhang Kuixing (1728 7608 2502): "Strengthening Management: Strong Voice of the Audio Visual Market"]

[FBIS Translated Text] The campaign of "wiping out pornographic and counterfeit audio-video products" launched last year has brought a new look to China's audio-visual market. However, we can say without reserve that the cultural markets in certain localities are still swamped with large quantities of pirated audio-visual products.

China has launched several nationwide campaigns to "wipe out pornographic and counterfeit audio-video products" yet, up to today, why are certain localities still flooded with counterfeit audio-visual products despite repeated bans? Such a situation is mainly attributed to the country's lack of a powerful management mechanism and this is exactly the loophole that has been used by law-breakers. The malpractices take the following three forms: First, the existing mechanism of audio-visual management is irrational. It is true that the development of China's audio-visual undertakings is in the ascendant; however, failure to appoint special administrative management departments to exercise unified copyright management has led to today's irrational copyright management mechanism which features unclear division of duties and overlapping functions. Under such an irrational management mechanism it is not a rare scene that, when seeking ways to solve problems surfacing in the audio-visual industry, different departments shift responsibility onto others and wrangle with one another over trifles. Second, the existing mechanism of audio-visual management is imperfect.

Some departments only concern themselves with license issuance and fee collections and never bother about how the licensees operate their businesses and what products they are manufacturing. Third, the management personnel in the audio-visual market are of a poor quality in certain localities. Some of them know little about the policies, rules, and regulations promulgated by the higher authorities governing the management of audio-visual production, while others fail to take strong and effective measures against problems which have already surfaced. All these have exactly provided lawbreakers with opportunities to avail themselves of loopholes in the management of the audio-visual market and the pirating of audio-visual products is running rampant. Today's widespread availability of counterfeit audio-visual products has disrupted the normal order of China's audio-visual market and it remains an extremely arduous task to combat and gradually eliminate the pirating of audio-visual products. To attain this goal, we must reinforce management over the audio-visual market.

First, we should try to rationalize the audio-visual management mechanism as soon as possible. It has been explicitly stipulated in State Council Decree No. 165 issued on 1 October 1994 that the PRC Press and Publications Administration, the Ministry of Culture, and the Ministry of Radio, Film, and Television are the national-level management departments in charge of the country's audio-visual production, each having its own emphasis and each assigned with individual responsibilities. Meanwhile, it has also been stipulated that the individual responsibilities of relevant departments under local people's governments at and above the county level concerning the administrative management of audio-visual production are to be determined by people's governments at the provincial level. All localities should try their best to put into effect the spirit of this document in the light of their actual conditions as soon as possible, for only in this way can they successfully rationalize relations, become more clear about their own responsibilities, and strictly enforce orders and prohibitions in their work.

Second, we should improve the system of audio-visual management on a constant basis. To improve the present poor management of the country's audio-visual market, besides introducing a state license system for the production, reproduction, import, wholesale, retail, lease, and projection of audio-visual products, competent departments at all levels should also study the status quo and future development trends in local audio-visual markets with a view to enriching, supplementing, and perfecting existing local laws and regulations. For instance, a pre-sale preliminary examination system can be installed for units engaged in the wholesale of audio-visual products, while a system of projection permits can be practiced in theaters where videos are shown. In short, corresponding measures must be worked out to govern every link of the whole process, from the production to projection of audio-visual goods; meanwhile, action must be taken to urge legislative bodies to make laws as soon as possible, particularly laws which clearly define the criminal nature of such offenses, to empower management departments to carry out investigations and crack relevant cases and convict lawbreakers

engaged in the pirating of audio-visual products. Only by perfecting and practicing the whole set of these restriction and supervision mechanisms can management departments successfully guarantee the quality and ensure the political soundness of products.

Third, efforts should be taken to strengthen macroeconomic control and regulation. Macrocontrol should be exercised over material production and also over the production of audio-visual goods. Statistics show that China has a total of 204 specialized audio-visual production plants, 94 publishing houses producing books with audio-visual aids, and more than 200 reproduction and processing units. Since 1991, they have turned out audio-visual products of over 5,000 varieties, with a total sales volume of nearly 200 million cases. It can be said that the country's production of audio-visual goods has been developed to a considerable scale. In the light of the present situation, management departments should start with the "leading factor" of annual planning of themes and exercise an effective macrocontrol over total supply and demand and over proportional quantities of products in different themes and styles. At the same time, we should also pay close attention to producing works that center on major themes, create and turn out a large number of audio-visual products which can not only reflect the features of our age but can also display a special artistic charm and are well-received by the masses of the people, and try our utmost to satisfy to the maximum the spiritual demands of the masses of people.

Fourth, it is imperative to constantly improve the professional quality of the management personnel in the audio-visual market. Audio-visual market management is a complicated system project and the failure of any single link of this project will bring unnecessary losses to the country's entire audio-visual production undertakings. Therefore, to reinforce management, we must first improve the professional quality of management personnel in the audio-visual market. We can provide training for the management personnel in the audio-visual market, by stages and in groups, through various means such as sending them to take advanced studies in colleges and universities or open training courses for them. Only those who pass the examination at the end of their courses have the qualification to obtain an audio-visual market inspection certificate from the authorities. Only by so doing can we effectively improve the professional quality of audio-visual management personnel, thus laying a solid foundation for intensifying our struggle against illegal audio-visual productions and for bringing the audio-visual market onto a healthy track of benign circle.

Pirated Audio-Visual Product Smuggling Route Closed

HK1702125695 Beijing ZHONGGUO XINWEN SHE in Chinese 1410 GMT 15 Feb 95

[FBIS Translated Text] Chengdu, 15 Feb (ZHONGGUO XINWEN SHE)—With the harsh blows delivered by the Southwest Civilian Airline Public Security Bureau, a route for smuggling pirated audio-visual products by air has

been basically stopped up. No such smuggling activities, which once ran rampant, have been discovered since last summer.

Yang Jinming, leader of the bureau's vice group, said that in operations against "six evils" from the end of 1993 to last summer, the public security bureau cracked more than 100 cases of smuggling pirated audio-visual products, seizing 4,250 compact discs and laser discs [LD], about 10,000 videotapes, and about 500,000 sets of illegally printed trade marks and colored wrappings. All the seized items were burned publicly.

Usually, illegal businessmen first changed the packaging of pirated audio-visual products, and then consigned them by air in the name of other items, invariably audio-visual products [huo yi lu xie shang yin xiang zhi pin 2057 0001 1774 1400 0006 7299 0288 0455 0756], in a bid to mislead Customs or public security officers. Early last year, an unemployed person from Leshan, Sichuan, bought 400 pirated LDs in two chests for 50,000 yuan, repackaged them, and then tried to ship them to a certain guest house in Chengdu. However, the consignment was seized at Chengdu airport by civilian airline public security officers.

Import Firm Vows To Protect Foreign Film Copyrights

HK2102015695 Beijing XINHUA Hong Kong Service in Chinese 0546 GMT 18 Feb 95

[By correspondent Wang Yongzhi (3769 3057 3112): "China To Protect the Copyrights of Imported Films as Required by Law"]

[FBIS Translated Text] Beijing, 18 Feb (XINHUA)—In an unprecedented move, the China Film Distribution and Releasing Import and Export Corporation [CFDRIEC]—the sole state agent for importing foreign, Hong Kong, and Macao movies—bought the distribution rights of a few recent foreign, Hong Kong, and Macao movies to be released in designated cinemas in China.

The corporation plans to import 10 movies this year, to be chosen according to their box office value, as well as to China's political and moral norms. The second one to be imported is Jackie Chan's "Rumble in the Bronx"; the first one was the Warner Brothers' "The Fugitive."

The importation has been welcomed by Chinese movie buffs, and has brought profits to cinemas awarded franchises to release imported movies. All Beijing cinemas screening "Rumble in the Bronx" have enjoyed full houses, even though they are showing it five times a day.

CFDRIEC Deputy Director Song Jie said that China will protect the copyrights of imported movies as required by law. CFDRIEC recently put announcements in such newspapers as RENMIN RIBAO and ZHONGGUO WENHUA BAO, stating that it will do everything possible to stop and to punish copyright infringements.

Song Jie said: Following the announcements, the corporation received phone calls and letters from around the

country reporting on infringements. As soon as they are confirmed, the corporation will give handsome rewards to the informers.

Audiovisual Producers Said Under 'Strict Control'

OW1802102795 Beijing XINHUA Domestic Service in Chinese 0455 GMT 18 Feb 95

[By reporter Qu Zhihong (2575 1807 4767)]

[FBIS Translated Text] Beijing, 18 Feb (XINHUA)—The State Press and Publications Administration recently decided to discipline the Nanjing Dali Laser Audio-Video Products Co. Ltd., and the Guangdong Zhongshan Yisheng Laser Disc Manufacturing Co. Ltd. by revoking the former's registration and closing the latter for reorganization for violating regulations governing the reproduction of audio-visual products and for copyright infringements.

During the period from August 1993 to February 1994, the Nanjing Dali Laser Audio-Video Products Co. Ltd. reproduced, without legal authorization, 857,800 laser discs, and sold 606,800 of them in domestic markets, seriously violating the regulations governing the reproduction of audio-video products. The State Press and Publication Administration decided to revoke the company's registration for audio-video product reproduction.

Meanwhile, the Guangdong Zhongshan Yisheng Laser Disc Manufacturing Co., Ltd., was ordered to close for reorganization and observation for having reproduced copyrighted laser discs without legal authorization.

It has been learned that copyright authorities will continue to investigate the two companies' copyright infringements before deciding on how to punish them.

According to a State Press and Publication Administration official, the government and relevant administrative authorities have taken effective measures for exercising strict control over producers of audio-video products in an effort to tighten control over their producers and protect intellectual property rights.

In April 1994, seven departments, including the CPC Central Propaganda Department and the State Press and Publications Administration—jointly issued the "Urgent Notice on Tightening Control Over the Reproduction of Laser Audio-Video Discs," stating clearly that the State Press and Publication Administration would exercise control over the reproduction of laser audio-video discs, and that no more new businesses of the same trade would be approved. The move effectively halted reckless importation of laser disc production lines.

Last December, China became one of the few countries in the world requiring all its laser audio disc producers to engrave source identification distinguishing codes (SID codes) on its products. The codes are the latest technology that the International Association of Recording Industries initiated to stop reproduction piracy.

Since July last year, under the State Council's planning and local governments' leadership, local authorities in charge of audio-video products and copyrights, as well as other

relevant departments, have carried out many collective checks in the audio and video markets—especially on laser audio and video discs—in districts under their jurisdiction. According to the law, they have confiscated large amounts of pirated products and banned all types of illegal businesses. The checks have been more momentous and fruitful in Guangdong, Beijing, Shanghai, Jiangsu, Henan, Guangxi, Fujian, Liaoning, and Hunan. According to incomplete statistics from 28 provinces and municipalities, last year, local authorities confiscated 4.673 million pirated audio and video cassettes or discs, including 1.818 million laser audio discs, 35,000 laser video discs, 1.43 million prerecorded cassette tapes, and 1.389 million video cassette tapes.

During the course of checking the existing businesses producing or reproducing laser audio-video products, authorities concerned have suspended the operations of or fined the Suzhou Baodie Laser Electronics, Ltd., the Hangzhou Huadie Laser Electronics, Ltd., the Foshan Jinsheng Electronics, Ltd., and the Nanhai Mingzhu Video-Audio Corp. for their serious piracy and copyright infringements.

'Important Progress' Made on Trademark Protection

OW2102030495 Beijing XINHUA Domestic Service in Chinese 0756 GMT 19 Feb 95

[By reporter Fu Gang (0265 0474)]

[FBIS Translated Text] Beijing, 19 Feb (XINHUA)—During a recent interview with reporters, an official at the Trademark Office of the PRC State Administration for Industry and Commerce said that since last year, the country's administrative organs for industry and commerce have made important progress in protecting trademark patents.

The official said: In 1994 alone, more than 58,000 new trademarks were registered, the registration of more than 26,000 trademarks was extended, more than 14,000 registered trademarks were changed, and more than 3,700 registered trademarks were transferred. Of all these registered trademarks, applications for more than 20,000 were submitted by companies located outside the country. At the same time, rulings were made on disagreements [yi yi—8381 6231] concerning more than 800 trademarks and on disputes [zheng yi—3630 6231] concerning more than 70 trademarks, thus protecting effectively the legitimate rights and interests of trademark patentees.

In 1993, the National People's Congress Standing Committee revised the "Trademark Law" and the rules for the implementation of the law by raising the limits of fines for violating trademark laws. The Standing Committee also amended the "Criminal Law" by increasing the maximum prison terms from three to seven years for counterfeiting trademarks, and it ratified the "PRC Law on Unfair Competition" and the "Product Quality Law of the PRC" in an effort to step up the protection of intellectual property rights. In 1994, administrative organs for industry and commerce at all levels stepped up law-enforcement efforts, in handling more than 11,000 cases involving trademark infringement or counterfeiting and in

imposing fines of more than 30 million yuan. Nearly 100 persons involved in these cases were investigated for criminal liability by judicial organs. Two cases, one in Xinjiang's Urumqi city and the other in Guangdong's Chaoyang city, involving the infringement of two U.S. companies' trademarks were severely dealt with.

In improving China's trademark laws, efforts have been made to bring the laws in line with international practices. In May 1994, a Chinese Government representative submitted to Bogsch, director general of the World Intellectual Property Organization, an application to join the "Nice Agreement on the International Categorization of Registered Commodities and Services." China became a formal signatory to the agreement on 9 August 1994. On 28 October 1994, a Chinese Government delegation attended an international meeting in Geneva on establishing the "Treaty on Trademark Law" and signed the treaty.

Speaking about China's recent trademark work, the official said: This year China will further revise the "Rules for the Implementation of the Trademark Law," step up administrative law-enforcement efforts, deal with the problem of a shortage of funds for handling trademark-related cases, and maintain closer contacts with procuratorates and law courts so that, backed by judicial organs, we can step up our efforts to deal with cases involving trademark infringements or counterfeiting.

Guangdong To Set Up IPR Protection Leading Group

HK2102015195 Beijing ZHONGGUO XINWEN SHE in Chinese 1303 GMT 19 Feb 95

[By correspondent Yang Nan (2799 2809)]

[FBIS Translated Text] Guangzhou, 19 Feb (ZHONGGUO XINWEN SHE)—With the approval of the Guangdong Provincial People's Government, the Guangdong Provincial Leading Group for a Series of Activities on Intellectual Property Rights [IPR] Protection will be set up within the next few days.

It has been learned that after its inception, the leading group will organize a series of activities to raise the awareness of the broad masses of the people on the need to protect IPRs. The activities will include holding giveaway programs and television contests on IPR protection knowledge, organizing garden parties to publicize the need to protect compact disk copyrights, and publishing popular literature on IPR protection.

Government Views Protection of Film Copyrights

OW2002084395 Beijing XINHUA in English 0801 GMT 20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—Action will be taken whenever necessary to prevent imported films from being pirated, according to the China Film Export and Import Corporation, which is solely responsible for importing movies from foreign countries and from Hong Kong and Macao.

In an announcement carried by the People's Daily, China Television News, China Culture Journal, and China Movie

Weekly, the corporation warned pirates of possible consequences and solicited the help of movie-goers to provide tips.

"We will take all necessary measures to stop and punish the infringement of copyrights of imported films," said the corporation. Song Jie, deputy chief of the corporation's general office, explained that by "necessary measures" they mean legal action and administrative punishment.

The corporation is scheduled to buy the distribution rights to 10 movies with top-rate commercial value and to put them in certain designated cinemas in 1995.

The first imported film is *The Fugitive*, which is produced by Warner Bros. Pictures of the United States. The second is *Rumble in the Bronx*, a Hong Kong action-movie starring Jackie Chan.

In the past month all cinemas that have shown *Rumble in the Bronx* in this capital city have reported a boom in box-office receipts, even though the price of tickets exceeds 15 yuan, or twice that for a domestic movie.

Beijing Develops Copyright Law Administrative System

HK2102062495 Beijing ZHONGGUO XINWEN SHE in English 1431 GMT 20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (CNS)—Sources from a recent forum on protection of copyright showed that Beijing has basically formed a local copyright administrative system with integrated administration, and social supervision with judicial protection, thanks to special attention paid by Beijing's municipal government on the protection of copyright.

In the past few years, the Beijing Copyright Administration has implemented a variety of ways to popularize the "Copyright Law," offering 24 kinds of training courses on the law. Nearly 3000 people in the publication administration and copyright administration sector have received the training.

The city also covered groundwork for strengthening administration and strict enforcement of the law. Since the implementation of the "Copyright Law," the Beijing Copyright Administration has mediated in 246 instances regarding disputes on copyrights.

The administration has also made progress in dealing with copyright piracy cases since last year. On September 5, 1994, informed by the public, the administration dealt with the Baowentang Bookshop located in the Dongcheng District of Beijing for its illegal publishing of the Hong Kong writer Louis Cha's three categories of martial arts novel totaling 520,000 volumes.

The Administration uncovered 25 copyright violation cases last year, retrieving economic loss worth more than RMB [Renminbi] 300,000. Publication units in Beijing now all have a perfect contract system for use of copyright.

The Wangfujing Foreign Language Bookshop Co. Ltd in Beijing has taken the initiative to stop selling scientific and technological textbook copies in foreign languages after

China joined the international copyright convention. After a three-year endeavour, a regulated copyright administrative system has been finally formed in Beijing.

Independently Managed Enterprises Exports Urged

HK1702125395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0927 GMT 4 Feb 95

[FBIS Translated Text] Beijing, 4 Feb (ZHONGGUO TONGXUN SHE)—China's State Economic and Trade Commission recently adopted the following measures to maintain the export momentum of independently managed enterprises:

—It has accelerated the change in mechanism and the establishment of a modern enterprise system of independently managed enterprises, and has increased their ability to fit in with the international market. It has supported independently managed enterprises in the establishment of enterprise groups or conglomerates, in using assets or products as links, and in organizing and promoting the export of relevant products and technologies.

—On its own initiative, it has coordinated and cooperated with foreign trade and economic relation departments, Customs, foreign exchange control departments, commodity inspection departments, and other departments concerned to create a favorable operating environment for independently managed enterprises. It has negotiated with banks to give priority in providing the working funds needed for their export of products for which there is market demand and which bring good economic results. It also has negotiated with foreign exchange control departments and foreign exchange settlement banks to provide in a timely way the foreign exchange needed by independently managed enterprises for the import of equipment, raw materials, and parts for the production of export products. In the distribution of production essentials, such as energy and transportation facilities, it has emphasized ensuring the actual needs of the production and export of independently managed enterprises, and has given as much support as possible to such enterprises by means of special funds.

—It has accelerated the technical transformation of independently managed enterprises.

The State Economic and Trade Commission has helped independently managed enterprises introduce advanced technology and equipment. In taking part arranging loans from foreign governments and other foreign loans, it has given priority to the transformation projects of independently managed enterprises which badly need the introduction of foreign technology and equipment, the products of which are of higher grades, and which are able to pay their debts. In selecting technological development projects, resolving difficult technological problems, and spreading technological achievements, the State Economic and Trade Commission also has given overall consideration to, and has made priority arrangements for the new technology, new products, or new equipment of independently managed enterprises that have real export potential.

Power Industry Needs \$20 Billion in Foreign Capital

HK1702143495 Beijing ZHONGGUO XINWEN SHE in English 0904 GMT 17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (CNS)—China has made great achievements in development of its power industry with foreign capital. While making use of loans from foreign governments and international financial institutions, China has been gradually adopting several other methods to lure foreign capital for this industry including the setting up of Sino-foreign joint ventures, Sino-foreign cooperation enterprises and shareholding companies' listing in overseas markets. It is predicted that more than US\$ 20 billion investment is needed in the development of power industry in the country in six years to come.

Yao Zhenyan, president of the National Development Bank of China, said that China's per capita power consumption is only 770 kilowatts/hour, far from that in developed countries and the world's average level. The power industry will, for quite a long time, remain one of the basic industries to which the country will continue its priorities. The Bank issued loans of RMB [Renminbi] 82 billion last year, of which loans of RMB 25 billion were for projects of power industry, 30 percent of the total, covering a batch of large and medium-size power items like the Three Gorges project. In addition, it also actively undertaken export credit businesses to raise capital for lots of key construction projects including the second-phase projects of the Daya Bay Nuclear Power Station and the Qinshan Nuclear Power Station and the water conservancy hub project at Xiaolangdi in Jilin Province.

Trade With ASEAN Members Soars to \$13 Billion

HK1902075095 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19-25 Feb 95 p 2

[By Gao Bianhua: "Business With ASEAN Hits \$13.2b"]

[FBIS Transcribed Text] Sino-ASEAN trade and economic co-operation will continue to develop this year if both sides continue to make efforts.

ASEAN, the Association of Southeast Asian Nations, includes Singapore, Malaysia, Thailand, Indonesia, the Philippines and Brunei.

"China and ASEAN have broad prospects for further development on economic and trade relations because both Chinese and ASEAN members' economies have grown rapidly in recent years and the two sides have a favourable cooperative basis," said Hu Guocai, an official with the Ministry of Foreign Trade and Economic Cooperation (Moftec).

Hu is the director-general of Moftec's Asian Affairs Department.

He said that Sino-ASEAN trade and economic ties witnessed "satisfactory" development in 1994.

China's trade with ASEAN-member countries totalled \$13.2 billion last year, a 23.5 percent increase over 1993 and surpassing the country's total foreign trade growth of 20.9 percent, according to the General Administration of Customs.

In the breakdown, China's exports accounted for \$6.38 billion, up 36.2 percent, while imports rose 13.2 percent to reach \$6.83 billion.

China's 1994 deficit with ASEAN members, which stood at \$45 million, decreased compared with that in 1993. Hu said.

ASEAN ranked China's sixth largest trading partner after Japan, Hong Kong, the United States, the European Union, and Taiwan.

Among the ASEAN-member countries, Malaysia's trade with China increased by the biggest margin last year, followed by Thailand and the Philippines.

Sino-Malaysian trade was valued at \$2.74 billion in 1994, up 53.2 percent from 1993.

"China's trade with Thailand also jumped 49.6 percent to hit \$2.02 billion last year after fluctuating at \$1.3 billion during the previous three years," Hu said.

He added that exports of Chinese goods increased faster than imports, in Sino-ASEAN trade last year. But China's trade surplus with some ASEAN countries declined compared with previous years.

Hu said that two-way investment between China and ASEAN countries picked up remarkably last year, though no detailed statistics are available yet.

However, he noted that presently Sino-ASEAN trade only accounts for a small part of both sides' total foreign trade. Great potential still exists.

He said the two should promote economic and trade ties by further opening markets and creating a better climate.

Both sides should focus on the exchange of high-tech and high value-added products in addition to traditional products, such as raw materials, the official added.

Guangdong To Host International Consumer Products Fair

OW2002022995 Beijing XINHUA in English 0203 GMT 20 Feb 95

[FBIS Transcribed Text] Beijing, February 20 (XINHUA)—An international fair featuring consumer products will be held for a year in Zhuhai, one of China's special economic zones in Guangdong Province, starting this coming June.

According to sources from the Ministry of Internal Trade, which is sponsoring the fair, it will have 20 categories of consumer products including clothing, food, daily-use articles, transportation, and entertainment items, and has attracted over 3,000 enterprises from such countries and regions as Japan, the Republic of Korea, Malaysia, Australia, the United States, Britain, Italy, and Hong Kong as well as from 29 provinces and municipalities.

In 1994, China's total retail sales volume of consumer products exceeded 1.6 trillion yuan, while savings deposits by urban and rural dwellers amounted to over 2 trillion yuan, indicating that a year-long commodity fair can be of great significance for the country with such large market potential.

A spokesman from the Ministry of Internal Trade said that it has decided to pick a city each year to host the fair from this year on.

Guangzhou To Continue To Woo Foreign Investment

HK1902080295 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19-25 Feb 95 p 6

[By Zheng Caixiong: "Fixed-Asset Work Takes High Profile"]

[FBIS Transcribed Text] Guangzhou—Infrastructure construction will continue to take a high profile in this city's economic development in the next few years as Guangzhou evolves into a major international metropolis.

Mayor Li Ziliu said his government will continue its efforts in wooing big-name overseas companies and financial groups to join the city's infrastructure construction.

Before 2000, Guangzhou needs to invest over \$70 billion in infrastructure projects, the mayor said.

Executive Vice-Mayor Chen Kaizhi said several big projects have been prioritized, including the subway, expressway, port, airport, and elevated railway, for which foreign financial support will be sought.

Guangzhou's subway, the 18.45-kilometre first phase of which started in late 1993, is scheduled to be fully operational in 1998 at a cost of \$4.225 billion. It will include three lines with a total length of 57.48 kilometres.

Two elevated railways with a total length of 47 kilometres are also being planned, expected to cost \$1.15 billion, connecting Guangzhou Tianhe Railway Station with Guangzhou Economic and Technological Development Zone and linking the northern part of Guangzhou to the planned Guangzhou international airport.

The 60-kilometre Guangzhou Huangcheng (Ring) Expressway is expected to fully start operations next year. Hong Kong tycoon Gordon Wu has promised to join hands in the project. The Northern Section of the expressway began operation last year.

The expansion of the Guangzhou Port will include reconstruction of six wharfs to enable the port to handle more than 100 million ton annually.

Guangzhou's new international airport, which is expected to soon win approval from the central government, will cost 14.85 billion yuan (\$1.8 billion). The project covers an area of 15.41 square kilometres.

Chen is expecting one-third of the investment to come from overseas investors, 30 per cent from Guangzhou

municipality and the China Civil Aviation Administration, and the rest raised by leasing the lands of the old Guangzhou Baiyun Airport, which will close when the new airport is completed.

A 30-kilometre expressway connecting the airport and the city proper will also be built. It is expected to cost 2.5 billion yuan (\$300 million).

Meanwhile, Guangzhou hopes to attract overseas investment to help develop 220 square kilometres in the eastern part of the city. The area includes the Guangzhou Economic and Technological Development Zone, the Tianhe New and High Technological Development Zone, the Nansha Economic and Technological Development Zone and the Guangzhou Free Trade Zone.

Last year, Guangzhou actually used \$2.1 billion of overseas investment, up 43 per cent compared with 1993. Exports hit \$4.6 billion, an increase of 44 per cent over 1993.

The city's industrial output value reached 114.8 billion yuan (\$13.83 billion), representing a growth of 22.5 per cent, while agricultural output value came to 5.6 billion yuan (\$675 million), up 11.31 per cent.

Heilongjiang Trade Fairs Attract Foreign Investments

OW1602163995 Beijing XINHUA in English 1613 GMT 16 Feb 95

[FBIS Transcribed Text] Harbin, February 16 (XINHUA)—Trade fairs were held in northeast China's Heilongjiang Province to mark the Lantern Festival on February 14, which is also the end of the Spring Festival, the most important traditional holiday in China.

During a three-day trade fair, Dongning County signed contracts worth 726 million U.S. dollars with businessmen from Russia and the Republic of Korea (ROK).

In another three-day trade fair organized in Suifenhe, a trading port city neighbouring Russia, foreign-related deals were struck worth 272 million U.S. dollars, while 10 million yuan was done in domestic business, and three projects were signed involving an investment of 45 million yuan.

Entrepreneurs from Japan, ROK, Vietnam, Hong Kong, Macao, and Taiwan joined the fair, which also attracted businessmen from other parts of China.

Huang Ju Urges Shanghai To Increase Overseas Markets

OW1802031195 Beijing XINHUA in English 0250 GMT 18 Feb 95

[FBIS Transcribed Text] Shanghai, February 18 (XINHUA)—Shanghai Mayor Huang Ju urged the municipality Friday to increase its use of overseas resources and markets in its drive to develop an export-oriented economy.

The mayor told a municipal legislative conference that this year Shanghai will focus its efforts on encouraging overseas

investors to put more funds into transportation, communications, public utilities, infrastructure, and renovation of old structures.

Steps will also be taken to promote cooperation between the city's key sectors, automobiles and electronic equipment, and multi-national corporations, the mayor said.

New methods of cooperation will also be explored, he said. They include using selected overseas funds to build commercial housing for local use and exploiting BOT (build-operate-transfer) methods to accelerate energy and infrastructure development.

As an important step toward strengthening foreign trade reforms, the municipality will grant foreign trade rights to all qualified industrial and commercial businesses, with the emphasis on driving more large and medium-sized enterprises into the international market.

Shanghai, Russia To Jointly Develop New Technology

OW2002171895 Beijing XINHUA in English 1617 GMT 20 Feb 95

[FBIS Transcribed Text] Shanghai, February 20 (XINHUA)—Shanghai experts will co-operate with their counterparts in Russia to jointly develop some 30 new and high-tech projects this year, sources at the Shanghai Technical Exchange Center said.

A dozen scientific institutes in Shanghai, including the Shanghai Branch of the Chinese Academy of Sciences and the Shanghai Chemical Industry Institute, plan to co-operate with their Russian counterparts to develop technologies to be used in urban transportation, maritime fire-fighting, and measurements, among others.

Shanghai Speeds Use of Domestic, Overseas Funds

OW1802021095 Beijing XINHUA in English 0153 GMT 18 Feb 95

[FBIS Transcribed Text] Shanghai, February 18 (XINHUA)—The mayor of Shanghai said that the municipality accelerated its use of both domestic and overseas funds last year.

He told a municipal legislative conference Friday that Shanghai, China's economic power house, approved 3,802 new foreign-funded projects involving investment of 10.03 billion U.S. dollars last year, a 4.2 percent and 42.9 percent increase, respectively, over the previous year.

One of the features of last year's overseas investment was the increase in the number of large projects, with those exceeding 10 million U.S. dollars numbering 242, accounting for 66 percent of the total amount pledged.

The second feature is the further expansion in investment in energy and the service sector and especially in the financial sector. With seven more overseas financial institutions becoming operational last year, the total number has reached 33, and the number of offices reached 87, with 32 just opened last year.

The third feature is the diversification of investment instruments. The issuing of B-shares and negotiable bonds was broadened. Multi-national corporations were given the green light to set up share-holding companies, and overseas mutual funds were introduced.

The success rate of overseas investment topped 95 percent, with more than 80 percent of the overseas-funded businesses showing a profit.

Last year also saw a rapid growth in investment in Shanghai by enterprises located in other parts of the country, as well as Shanghai increasing its investment elsewhere, the mayor said in his report.

Sichuan To Solicit Overseas Investment at Trade Fair

OW1902094495 Beijing XINHUA in English 0823 GMT 19 Feb 95

[FBIS Transcribed Text] Chongqing, February 19 (XINHUA)—Southwest China's Sichuan Province plans to hold a trade fair in April to lure more overseas funds for the undertakings related to the Three Gorges Water Conservancy Project now under construction.

According to provincial officials, the trade fair will be staged concurrently and at the same venue with a traditional annual temple fair in Fengdu, also known as the "town of the ghosts", a tourist attraction in the province.

This will be the eighth temple fair. The previous fairs attracted five million business people and tourists, including 180,000 from overseas.

The trade fair is specially aimed at soliciting funds for the Three Gorges Economic Zone, which was designated in 1993 to facilitate the water conservancy project, the officials said.

Covering eight cities and prefectures in Sichuan with a total area of 130,000 square kilometers and a population of over 50 million, the economic zone expects an estimated 200 billion yuan (23.52 billion U.S. dollars) of investment in the coming 10 to 20 years, the officials said.

During the trade fair to be held between April 2 and 8, the economic zone plans to present a large number of cooperative projects for domestic and overseas investors. Participants will also enjoy the colorful temple fair and various tourist programs, the officials said.

Sichuan's Export Earnings Increase 37 Percent in '94

OW1902010295 Beijing XINHUA in English 0040 GMT 19 Feb 95

[FBIS Transcribed Text] Chengdu, February 19 (XINHUA)—Southwest China's Sichuan Province earned 2.27 billion U.S. dollars from export last year, registering a 37 percent increase over the previous year.

Governor Xiao Yang said that Sichuan's foreign trade volume totalled 3.68 billion U.S. dollars last year, up 26.3 percent over 1993.

Last year, the inland and China's most populous province set up 1,142 foreign-funded firms, bringing in pledged foreign investment of more than 1.5 billion U.S. dollars.

The province has so far set up economic and technological relations with 133 countries and regions, attracting leading overseas consortiums to invest there. And its 58 development zones at and above the provincial-level are growing rapidly, the governor said.

Other economic sectors, including overseas contract engineering, labor service, tourism and border trade also experienced stable expansion last year.

Tianjin Expands Cooperation With Japanese Automaker

OW2002171695 Beijing XINHUA in English 1615 GMT 20 Feb 95

[FBIS Transcribed Text] Tianjin, February 20 (XINHUA)—The Toyota Automobile Technical Support Center is to open here in April this year.

The center is the result of an agreement signed by Toyota Tatsuuro, president of Japan's Toyota Motor Corporation, with the Tianjin Motor Industry corporation, last September.

Toyota Tatsuuro was paying a special visit to this north China port city to promote co-operation in the production of auto parts in order to pave the way for the production of complete sedan cars here.

Chen Xianping, deputy general manager of the Tianjin Motor Industry Corporation, said Toyota has inked co-operation agreements with ten auto parts plants in Tianjin for the production of such items as electrical appliances, brakes and car decorations.

According to Chen, Tianjin introduced production technology and designs from Daihatsu Motor Co. Ltd, affiliated to Toyota Motor Corporation and has produced the "Xiali" sedan, making Tianjin China's second-largest sedan production base after Shanghai.

Last year China invested another two billion yuan in the expansion of "Xiali" sedans to push its annual production capacity to 150,000 by the year 1996.

By the end of January this year, 33 out of 54 projects contained in the expansion program had started construction, and more than 190 items of production facilities are ready to be installed.

Anshan Iron, Steel Reports Record Exports in Jan

HK2102130195 Beijing CEI Database in English 21 Feb 95

[FBIS Transcribed Text] Beijing (CEIS)—Anshan iron and steel complex in northeast China's Liaoning province, a leading steel and iron producer, reported a new record in its iron and steel export in January. According to sources here, the company earned 24.73 million U.S. dollars in January, an increase of 190 percent over the same month of 1994. The export products fell into six categories, including cut deal, wire rods and pig iron.

Agriculture

Reform of Agricultural Products Market Promised

HK1902080395 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19-25 Feb 95 p 8

[By Wu Yunhe: "Grain Mart Reforms To Sprout"]

[FBIS Transcribed Text] Reforms will be made in the domestic agricultural products market as part of the government's efforts to quell swelling inflation.

The changes will focus on the market for several major agricultural products, such as grain, cotton, pork, vegetables, and fertilizer, according to the Ministry of Internal Trade.

The central government believes effective macrocontrol over the market for these products will plug loopholes that provoke speculation as well as price hikes.

One way to ensure a balance between supply and demand for farm produce on the domestic market, ministry officials say, is to set up state-owned grain storage networks and production-assistance funds.

These networks and production-assistance funds are expected to ensure the timely buying and selling of cereals, thus balancing grain supply and demand.

The central government will also develop quality controls on cotton production to safeguard the interests of farmers and the domestic textile industry.

With the help of state-run commercial units, the government will create a monopoly for buying cotton from farmers and selling it on the market.

The ministry also will exercise strict controls over the retail price of food and other staples to avoid uncontrolled price hikes.

In addition, profiteering by taking advantage of the government's price reforms will be banned.

In other efforts to stabilize the market prices, they noted, the government will step up the construction of major farm produce wholesale markets this year.

The wholesale markets play a crucial role in balancing the large nation's surpluses and shortages.

There are 10 key farm-product wholesale markets across the country.

However, they are unable to meet the nation's huge current demand for timely produce distribution.

Some local farmers complain that a large number of their products rot each year due to lack of market information and great distance from the nearest wholesale market.

This is despite the fact that produce shortages in some cities have already triggered price hikes and aroused central government concern.

Official figures show that the sales volume of the country's agricultural and nongrain products wholesale markets stood at about 200 billion yuan (\$24 billion) in each quarter last year.

Ministry Issues Circular on Spring Farming Supplies

OW2102132995 Beijing XINHUA Domestic Service in Chinese 0503 GMT 18 Feb 95

[FBIS Translated Text] Beijing, 18 Feb (XINHUA)—The Internal Trade Ministry recently issued an emergency circular urging all localities to do a good job of supplying means of agricultural production for spring farming to ensure that agricultural production will not be delayed in the farming season.

The circular states: All localities should pay close attention to organizing the supply of chemical fertilizers, farm chemicals, and plastic sheets. Departments in charge of supplying means of agricultural production under supply and marketing cooperatives at all levels should fully play their role as the main supply channels, actively cooperate with planning commissions at all levels to balance supply and demand for means of agricultural production to be used in spring farming, take the organization of supplies as the focus of their current work, actively take the initiative in signing purchase and sales contracts with production enterprises, pay close attention to procurement, and make allocation and transportation arrangements. They should coordinate with foreign trade departments in placing orders for, delivering, receiving, and shipping imported chemical fertilizers. They should vigorously tap into their goods reserves. According to a State Council leader's directive, they should not hesitate to sell; in particular, they should release their stocks of high-quality chemical fertilizers onto the market during the peak supply season for spring farming to ensure that the needs in this regard will be fulfilled.

The circular urged all localities to strengthen management of markets for means of agricultural production, strictly implement the state's price policy, and safeguard peasants' interests. Departments in charge of supplying means of agricultural production under supply and marketing cooperatives at all levels should actively work with industrial, commercial, and price administrative departments to restore order in commodity distribution and keep market prices stable. They should strictly implement state pricing, readily accept supervision by commodity administrative departments at all levels, strictly ban unauthorized price increases, and sternly investigate and deal with violations of the state's price policy.

Departments in charge of supplying means of agricultural production under supply and marketing cooperatives at all levels should improve the management of complete services for supplying means of agricultural production, as well as commodity quality. They should firmly foster the idea that they should serve agriculture, provide wide-ranging services for agriculture, increase supply outlets, and organize deliveries to rural areas to facilitate purchases by peasants. Moreover, they should exercise stringent quality control and strictly ban fake and inferior means of agricultural production from the market to safeguard peasants' interests.

Paper Views 1995 Agricultural Investment Plan

HK2102100995 Beijing RENMIN RIBAO in Chinese 27 Jan 95 p 10

[By staff reporter Jiang Xia (3068 1115): "Observing the Rural Economy: How Much Investment Does the State Plan To Make in Agriculture in 1995?"]

[FBIS Translated Text] *In the prevailing atmosphere of the whole party and the whole country attaching great importance to agriculture and taking great interest in the development of the rural economy, the year 1994 has given way to 1995. Looking back again, one can see with even greater clarity the vulnerability of our agricultural foundation, the limitations of the overall agricultural production capacity, and the inadequacy of investment in agriculture.*

Around the turn of the year, this reporter visited some primary state investors in agriculture, namely, the State Planning Commission, the Ministry of Finance, and the Agricultural Bank, to find out what arrangements those departments have made for increasing input into agriculture in the year 1995. The visits turned out to be quite fruitful.

The State Planning Commission: Its first meeting was about agriculture and the first topic on its agenda was about increasing the input into agriculture.

Cheng Yaobang, vice minister of the commission, told this reporter that the first session of the ministers' meeting to discuss specific proposals for the "Ninth Five-Year Plan" was about agriculture and that the first topic on the agenda was about increasing the input into agriculture. The discussions brought forth the following three substantial percentages: The budgetary investment in agricultural capital construction projects for 1995 is estimated to exceed the 1994 figure by 24.9 percent, of which nonoperating [fei jing ying xing 7236 4842 3602 1840] investment is up 25.9 percent over 1994. In the newly increased nonoperating investment, 40 percent goes to agriculture and agriculture-oriented industries. One must say this is a very big policy slant. Chen Yaobang, who worked in a leadership position in the agricultural sector for a long time, said: The fact that the state is willing to devote nearly half of the newly increased investment to agriculture, despite the size of the country and the numerous other things that have to be done, is enough proof of the importance that the state attaches to agriculture. The bulk of this input will be spent on harnessing major rivers and lakes and on some other projects that urgently require support, such as the development of commodity grain production bases, the economic development of pastoral areas, the ecological engineering projects of forestry, farmland reclamation, and meteorological development.

The State Planning Commission will also study how to broaden the avenues for investment in agriculture and maximize the sources of funding for increased investment in agriculture; formulate relevant policies and laws to ensure a continuous increment in the input into agriculture and, especially, to urge trades and enterprises which benefit to reinvest part of their returns from agriculture into agriculture to support the latter's sustained development.

The Ministry of Finance: No matter how much strain is put on financial resources, the central treasury will do its best to give priority to agriculture in terms of funds input.

Vice Minister of Finance Li Yanling told this reporter that the state budget for the year 1995 is being made and the specific figures of funding for agriculture have yet to be approved by the National People's Congress after deliberation. However, the Ministry of Finance guideline is very clear and that is, no matter how bad the shortage of financial resources is and how prominent the shortfall in revenue is, the central treasury will do its best to give priority to agriculture in funds input by adjusting the expenditure mix to ensure a rather significant increase in the funding for agriculture. Its growth rate will exceed the normal growth rate of treasury revenue. Li Yanling disclosed that there will be a big increase in the funding for comprehensive agricultural development for 1995. He explained that this input is not going to be used to "feed humans and horses" but will be spent directly on the upgrading of medium- and low-yield farmland and the improvement of the conditions for agricultural production and the comprehensive agricultural production capacity. Furthermore, the central and local treasury aid, bank financing, and funding raised by peasants themselves will be combined to generate significant returns. On average, an input of 150 yuan per mu will produce an additional 125 kg of grain. That is why this policy has been very popular with all localities. Last year, the central treasury spent 1.9 billion yuan on comprehensive agricultural development and this figure will be raised this year.

Li Yanling said: There is some difficulty in increasing the treasury funding for agriculture significantly within a short time. The revenue growth for the central treasury each year is limited but agriculture is not the only sector which is badly in need of money: Cultural and educational undertakings, science and technology, health, key construction projects, and so on all need extra funding urgently. Moreover, because the funding base for agriculture has been quite small, even a major increase will fail to satisfy the demand. Compared to the distributable resources of the central treasury, local treasuries have much more money at their disposal. Li Yanling told this reporter that as far as he knows, some big agricultural provinces are planning to put a rather large proportion of their revenue increment into agriculture. The key now is for such plans to materialize.

The Agricultural Bank: Total bank credit for agriculture is to increase, focuses supporting agriculture will be highlighted, and "rice bag" and "food basket" projects will be given priority.

Governor of the Agricultural Bank Shi Jiliang said: The slogan of attaching importance to agriculture and rural work has been shouted for years and it is not till this time round that this slogan has been given some substance. When the Central Economic Work Conference was in session toward the end of last year, many people came up to him asking for his bank to give credit support to agriculture and rural economic development. Supporting agriculture and the rural economy has always been the main business of the Agricultural Bank. Though it is being

reorganized as a state-owned commercial bank, the Agricultural Bank is still the main credit supplier for supporting agriculture.

The most conspicuous part of the support-agriculture measures by the Agricultural Bank in 1995 will be the increase of credit input. Shi Jiliang said: This year, the scale of credit from the state for agriculture is 57 billion yuan, which includes loans for agriculture (including some specialized loans for support-the-poor and development projects offered by the Agricultural Development Bank), small hydroelectric power projects, farmland capital construction, and township and town enterprises. Such credit will be 26.4 percent higher than last year, representing the highest increase rate in recent years. It will account for 10 percent of the total credit increase. The percentage of the funds from rural credit cooperatives channelled into agriculture will be no less than 40 percent, an increase of nearly 10 percentage points. One should say that against the broad background of a tighter money policy and a restrictive credit scale, it has not been easy to set such a series of growth rates for agricultural input.

Shi Jiliang specially emphasized that the Agricultural Bank will highlight key points in supporting agriculture this year and give priority to "rice bag" and "food basket" projects, ensuring the steady growth of basic agriculture. The Agricultural Bank and the credit cooperatives should work together, share responsibilities rationally, and concentrate on separate tasks. The Agricultural Bank should focus on supporting medium- and long-term agricultural credit projects which operate at a relatively high level and on a considerable scale; while credit cooperatives should mainly take care of, and give prompt attention to, small and short-term financial demands from rural households, such as expenditure on their agricultural production.

The visits to those three departments have created an optimistic feeling about increasing the input into agriculture this year. Though most of the growth rates are still on paper and to realize them will take time and is quite difficult, it is nevertheless a good start.

"Those below follow the example of those above." We wish all localities will also map out substantial measures. Attaching importance to agriculture should never stay at the level of meetings, documents, and slogans.

Official Says Half of Basic Farmland Under Protection

HK1802021495 Beijing ZHONGGUO XINWEN SHE in English 1114 GMT 17 Feb 95

[FBIS Transcribed Text] Fuzhou, February 17 (CNS)—Delimitation of protection zones for basic cropland is now accelerating across the country with eight provinces, regions and municipalities finishing the planning for these zones, according to the Director of State Land Administration Mr. Zou Yuchuan. Work on delimitation is undertaken in about 2,500 counties and cities under the jurisdiction of 28 provinces, regions and municipalities and more than half of them have already got the work finished, putting nearly 50 percent of basic cultivated land under protection across the country.

With emphasis on protection of arable land, Mr. Zou said, many new measures have been introduced in various places with local situation being taken into consideration. Establishment of protection zones for farmland is one of the important measures. The administration will compile a planning programme for the farmland protection zones, get the delimitation work completed as soon as possible and strictly appraise and approve land use during this year with the aim of keeping cropland under protection.

The existing measures for protection of farmland are not strong enough to totally achieve their end, according to Mr. Zou. Appraisal and approval for land use will have to be strictly conducted according to law. Approval for land use by a particular department which is not entitled to do so, unauthorized occupation of land and misuse of land under cultivation have to be refrained. Phenomena in which land is left unused and barren have to be avoided.

The land administration is scheduled to stage a national overhaul to check illegal use of land following a previous similar drive in 1986. Land approved by departments which exceed their authority and land occupied without proper development have to be cleared. Such land will be seized and a fine on offenders be imposed.

Flexible Policies To Invigorate Rural Industries

HK1902074995 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19-25 Feb 95 pp 1, 2

[By Wu Yunhe: "Jump-Start Planned For Rural Industries"]

[FBIS Transcribed Text] The central government will carry out more flexible policies to maintain vigorous development among rural industries this year.

The policies will help rural industries branch out into the world market, according to the Ministry of Agriculture.

Approval procedures will be simplified, making it easier for rural enterprises to set up joint ventures in or outside of China ministry officials say.

To boost the agricultural sector, the ministry is encouraging these enterprises to introduce more overseas technology and investment for manufacturing farm-related products.

To strengthen the competitive edge of the countryside's industries, the ministry is launching a national "east-west" cooperative model project. It aims to speed up the collaboration between rural enterprises in the underdeveloped western part of the country and the comparatively developed East.

Such cooperation will focus on streamlining the structure of rural industries, updating product quality, and reducing industrial pollution.

The continued development of firms in the countryside is an effective way to enrich the country's 900 million rural residents, the ministry officials said.

The property rights of rural industries will be reformed this year to provide a favourable environment for their future development.

The core of the reform is to speed up the establishment of an experimental joint stock system as well as contract management, transferring collective assets to individuals, and leasing and auctioning unprofitable firms.

The government will work to safeguard the interests of rural enterprises and implement property rights reforms among the rural industries.

However, the ministry officials say, such reforms are targeted at strengthening the management of collective properties among the rural firms.

The country's rural industries have contributed to the government's efforts to enrich farmers' income and pour investment into field production.

Rural industries now employ 120 million labourers in the countryside, which account for about 50 percent of the surplus farmers.

The firms are expected to contribute to the government's efforts to maintain an average 5.8 per cent growth in farmers' annual income in the next five years.

The country's 1.9 million rural firms also will continue to pump their investment into agriculture.

Over the past 15 years, these firms have invested more than 80 billion yuan (\$9.5 billion) in farming development.

The rural industries' work force is estimated to reach about 170 million people by the year 2000, helping ease the surplus labour situation.

Agricultural Wholesale Markets Planned

HK1802074095 Beijing ZHONGGUO XINWEN SHE in English 0340 GMT 18 Feb 95

[FBIS Transcribed Text] Beijing, February 18 (CNS)—The Ministry of Internal Trade in China will try running four wholesale markets for agricultural and sideline products in Beijing, Shanghai, Chengdu and Hainan. Foreign businessmen can participate in the construction of market facilities and the processing of agricultural and sideline products. They are also allowed to set up jointly-funded enterprises with their Chinese partners to engage in processing and marketing of some agricultural and sideline products.

At present, these four wholesale markets are still in the planning stage. The above cities can make their own decision on which items foreign businessmen can invest in and the amount of foreign investment. Those products such as grains and edible oil which are under the State control are not open to investment by foreign businessmen.

But wholesale markets in China are still not allowed to be run solely by foreign businessmen.

Fujian Strives To Increase Agricultural Output

HK1802020795 Beijing ZHONGGUO XINWEN SHE in English 1214 GMT 17 Feb 95

[FBIS Transcribed Text] Fuzhou, February 17 (CNS)—Fujian Province achieved a fair harvest last year despite a

series of natural disasters. The province has set its goal for this year to increase grain output by a 130,000 tonnes increase over 1994, adding to its gross output of 9 million tonnes.

At a press conference, Director of Provincial Agricultural Bureau, You Yan, expressed his confidence that the target will certainly be achieved.

The Fujian Provincial Party Committee and the provincial government held a conference on rural work in the province as early as mid-January this year to draw up an integrated plan on rural work in 1995. Meanwhile, opinions to stabilize the development of grain production were collected and have been compiled into an official document. They mainly include the protection of farmland, construction of commodity grain production bases, improvement of grain purchase and sale policies and promotion of optimum scale farming.

To guarantee the increase in grain output this year, the provincial Agricultural Bureau has put forward a number of concrete measures such as upgrading medium- and low-yield farmland, developing more high-yield farmland, reclaiming wasteland, and spreading agricultural technology across the province.

Fujian Steps Up Land Protection Efforts

OW2002041495 Beijing XINHUA in English 0333 GMT 20 Feb 95

[FBIS Transcribed Text] Fuzhou, February 20 (XINHUA)—Protection of its dwindling amount of farm land has become a yardstick with which to judge the performance of provincial and city leaders in coastal Fujian Province.

This followed the recent signing of "A Letter of Responsibility on the Protection of Farm Land" by Chen Mingyi, the governor, and the chiefs of nine prefectures and cities of the province.

Located in east China, Fujian has the lowest per capita arable land rate nationwide at 0.038 hectare. To make matters worse, the construction boom has reduced the amount of land at an alarming pace in recent years.

In order to curb the decline in arable land, the province promulgated regulations last September giving protection to over one million hectares of farm land, which make up 82 percent of the total amount of arable land. The regulations require legal approval procedures for future use of the land and introduce a licensing and high compensation system for the use of the land.

The province is also encouraging opening-up of arable land by providing subsidies and tax benefits. In recent years, a total of 18,000 hectares of farm land have been developed, with 2,866 hectares being added in 1994.

In order to ensure the expansion of farm land this year, the provincial government has decided to provide special arable land and farm land funds, and has called for putting 60 percent of the land use taxes to the opening-up of arable land.

Cities and prefectures' authority to approve the use of land has been reduced to less than two hectares from the previous 20 hectares, and authority is prohibited from being transferred to a lower level.

Shanghai Bank To Concentrate Loans on Farming

HK1902080195 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 19-25 Feb 95 p 3

[By Zhang Guoping: "ABC Branch Hikes Shanghai Lending"]

[FBIS Transcribed Text] The Shanghai branch of the Agricultural Bank of China (ABC) will step up its support for the local economy this year by supplying nearly 16 billion yuan (\$1.9 billion) in credit.

"We plan to lend 15.8 billion yuan this year, compared with 10 billion yuan (\$1.2 billion) in 1994," said Yan Qifen, the branch's new president.

Yan said agriculture will remain a major beneficiary of ABC Shanghai, which has traditionally specialized in lending to farming.

However, as the bank has split its business into separate operations for commercial and policy lending, its loan portfolio will shift toward efficient and profitable farming projects, according to Yan.

China launched the Agriculture Development Bank of China (ADB) last year to take over ABC's policy-related business, mainly long-term lending at low interest.

The policy bank was established to help transform the country's specialized banks into commercial banks.

The Shanghai branch of the ADB started trial operations last month.

However, for the time being ABC Shanghai will act on behalf of the new bank in most policy-related business.

As for its own lending, Yan said, ABC Shanghai will channel resources into farm projects with high quality, efficiency, and output and that promise fast and decent returns.

Enough financing will be provided to guarantee local supplies of grain, vegetables, and sideline goods, Yan said.

The city's six pillar industries, including automobiles and telecommunications, will be another focus this year, according to Yan.

Although serving the rural area first, ABC Shanghai is determined to expand its share of the urban market and foreign exchange business.

Yan said the bank will add 15 foreign exchange savings houses in urban Shanghai this year.

Some 80 automated teller machines are expected to go into operation and the number of credit cards in use will double, according to Yan.

The Shanghai branch led other ABC operations, with 587 million yuan (\$70 billion) in profits last year. Profits of 700 million yuan (\$83 million) are forecast this year, Yan said.

By the end of 1994, deposits at the bank and the cooperatives under its wing reached 47.4 billion yuan (\$5.6 billion), 13.4 billion yuan (\$1.6 billion) more than at the beginning of the year.

***Researcher Discusses Grain Supply, Price Issues**

95CE0256A Hong Kong TANGTAI [CONTEMPORARY]
in Chinese No 45, 15 Dec 94
pp 42-48

[Article by Chen Xiwen (7115 6932 2429), director of the Department for Rural Development Research of the State Council's Development Research Center: "On China's Grain Supply, Grain Demand, and Price Problems"]

[FBIS Translated Text] Editor's Note: The following article is a digest of the draft of a speech delivered at the "International Symposium on High-Speed Economic Growth and Steady Development in the Asia-Pacific Region," held at the end of last month in Hainan Province. The article is divided into four parts:

1) Fundamental facts about the present grain price situation in China; 2) impact on grain price increases of inconsistencies in quantities and varieties of grain supplies; 3) reform of the present Chinese system of grain purchasing and marketing; 4) views and suggestions regarding China's present grain supplies, grain demand, and grain prices.

The author is firmly convinced that at present, and for some time to come, the factor which primarily causes instability in grain supply, grain demand, and grain prices in China is not the problem of overall quantity, but the problem of grain varieties and grain quality, most conspicuously the shortage of high quality rice. Crises in grain supply definitely affect social stability. The thorough analysis of this article is herewith presented to our readers for their reference. [end editor's note]

I. Fundamental Facts About the Present Grain Price Situation in China

During the period from 1989, when Chinese grain production again began to rise, to just before October of 1993, the supply-demand relationship for grain in China was all along been comparatively relaxed. Market prices for grain also declined for a time. In 1991, there was some increase in the market price of grain because of reduced production due to natural calamities, but the increase was small. By 1993, the general index of grain purchase prices had risen 15.3 percent, as compared with 1990.

A steep forty percent rise in grain prices

However, beginning in November 1993, market grain prices suddenly took off in a steep ascent. As of 28 December 1993, the State Council instructed state-run grain shops in all cities and towns throughout the country to sell rice, wheat flour, and edible vegetable oil at prescribed prices. At the same time, government reserves were shipped to areas where grain prices had risen particularly steeply to keep prices down. However, in spite of all these various measures, by March 1994, the price of paddy rice rose by 47 percent, the price for wheat rose 8.6 percent,

and the price for corn by 37.5 percent. By the end of September, market grain prices had risen 62.3 percent, compared to the corresponding period of the previous year, and had risen 39.8 percent, compared with prices at the beginning of 1994.

The year 1993 was a year of abundant grain harvests in China, total production having reached a record 456,440,000 tons, 3.1 percent more than in the preceding year. Yet in spite of the obvious increase in supply, grain prices still increased sharply, which was hard to understand. However, a detailed analysis shows that there is nothing strange about it. The following four reasons explain the steep increases in grain prices:

First, since 1990, grain prices had been unduly low for several consecutive years; objectively, there should have been a readjustment of the proportionate relationship between grain prices and prices for other commodities. It must therefore be admitted that there was some sense in the rise in grain prices at this time.

Second was the impact on costs of production of government adjustment of the price structure. In 1994, such measures as the merging of foreign exchange rates and the increase in prices for domestically produced raw oil had a strong impact on prices for agricultural means of production; by August 1994, prices for the latter had risen 30.5 percent, compared with prices at the corresponding time of the preceding year. From this point of view, one certainly would say that there simply had to be some increases in this year's grain prices; that could be easily foreseen.

Differential of 0.50 yuan per kilo between purchasing and selling prices

Third, with the present imperfect grain market and the disarray in the circulation sector, intermediary costs are inordinately high, which drives up not only the purchase and sales price of the grain departments, but also grain procurement prices. One important factor to blame for this situation is the unduly large differential between the purchasing and selling prices of grain departments. Grain that is now being marketed by state-run grain shops was essentially bought earlier than last year. Grain prices were low last year, and the government's contractual purchase price for late rice was 0.74 yuan per kilo, but presently state-run grain shops generally charge a retail price of around 2.00 yuan per kilo for rice. This year government contract purchases of late rice have been at the prices of from 1.04 to 1.08 yuan per kilo. The yield of husked rice from rough late harvest rice is from 72 to 75 percent, so that, calculated at the 1994 government contractual purchase price, there is a differential of at least somewhat over 0.50 yuan per kilo between purchase and sales prices of husked rice. If the peasants were to process the rice themselves, the cost of such processing would not be more than 0.05 yuan per kilo of rough rice, and they would then also get the rice chaff as a by-product for themselves. This situation, first of all, has the peasants reluctant to sell larger amounts of grain to government grain shops, and then also leaves the private grain dealers with a very large margin for raising up grain purchase prices in the market.

Fourth, inconsistencies are conspicuously evident as to qualities and varieties in the grain supply-demand relationship, and these inconsistencies cannot possibly be remedied by increases in quantity alone, a fact which adds to the difficulties of the government in its attempted regulation and control of the grain market. Because these inconsistencies with each passing day are becoming more of a sensitive factor which disturbs China's grain market prices, the present article will analyze this issue with particular care.

II. The Impact of Inconsistencies in the Variety and Quality Structure on Price Rises in Grain Supplies and on the Demand for Grain

Apart from other causes, inconsistencies of varieties and qualities in the grain supply-demand situation are becoming more conspicuous with each passing day; this is a major cause for the large price rises in the grain market at the end of 1993.

No increase, but a decline in total rice production

1) On the imbalance in varieties of grain in the supply-demand structure.

Total grain production in 1993 was 3.1 percent more than in the preceding year, but the proportion of rice production declined by 4.6 percent. Total 1993 rice production was 177.77 million tons, which was not only less than the production in each of the four years from 1989 to 1992, but even 560,000 tons less than the total production nine years ago in 1984. Grain price increases in 1993 have therefore not been due mainly to insufficient quantities, but due to the imbalance of varieties in the supply structure. [sentence as published] During the nine years from 1984 to 1993, the total population of the country increased 13.5 percent, while total production of rice declined by 0.23 percent; the result was tightness in the supply-demand relationship.

Production shortfall equals one year of Japanese production

Actually, stringency in the rice supply-demand relationship is an inconsistency that has accumulated over three years, it is only because of the unduly large decline in 1993 (852,000 tons) that this conspicuous inconsistency has become acute. China's record rice production occurred in 1990; it was 189.33 million tons—a level that has never again been reached in the next three years. If we take the 1990 figure of rice production as a base figure, the cumulative production shortfall in the following three years reached 20.26 million tons, which is more than Japan's total rice production for two [as published] years.

Rice consumption is a firmly established custom which resists any substitutions

Rice is the staple food of the population of South China. Within the total grain consumption throughout China, rice consumption accounts for 60 to 65 percent, and this consumption is an extremely firmly set custom. Whenever a partial tightness is caused by a shortage of rice supplies, there will be partial tightness throughout the entire grain market, even if the overall supply of other grains is plentiful, because no other variety of grain can be substituted for rice. Under normal conditions, rice production in China in general accounts for 40 to 45 percent of the total grain production, but in 1993 this ratio dropped to 30.9 percent. Starting with 1982, the average per capita quantity of rice available in China had always exceeded 150 kilos, but in 1993 it dropped to only 149.9 kilo. That was the first time in 12 years that it dropped to below 150 kilos. It was precisely because the proportion of rice within the total grain production, as well as the average per capita available quantity of rice, dropped to an almost 10-year low, that there was, first, this steep rise in rice market prices when the late rice came on the market in 1993, and then, induced thereby, price increases in other varieties of grain. The partial shortage of rice supplies has become a major sensitive factor for fluctuations of prices in the Chinese grain market. On the other hand, the effect of a shortfall in rice production on fluctuations of prices for the entire range of grains can evidently not be offset by higher production of other varieties of grain. Total rice production in 1994 is estimated to be again about 2 million tons less than in the preceding year. It is therefore easy to foresee the possibility of continued rises of market prices for grain before the next arrival of early rice on the market.

Large decline of rice production in Guangdong Province

Increases in grain production in China during the last few years has mainly relied on dry-land cultivation of grain in the northern regions. China's total grain production in 1994 was 12.06 percent higher than in 1993. Accounting for this increase, wheat production rose by 21.15 percent, corn production by 39.9 percent, soya bean production by 57.84 percent, tubers production by 11.69 percent, and only in rice production was there a decline, namely of 0.32 percent. Of all of China's acreage sown to rice, 94 percent—producing 92 percent of the total harvest—is south of a line formed by the Qinling mountain range and the Huaihe River; but in 1993 of all the 14 southern provinces, municipalities, and autonomous districts, Anhui Province alone has had an increase in rice production, all others have had declines. The provinces of Hubei, Guangdong, and Sichuan had reductions of rice production in excess of 1 million tons, and the total amount of their decline was 4.129 million tons, which accounted for 48.5 percent of the production decline throughout the country. The largest decline—1.744 million tons—occurred in Guangdong, accounting for 20.5 percent of the country's total decline, and an 11.1 percent decline, compared with Guangdong's total rice production in the preceding year (see table).

Changes in Rice Production in 14 Southern Provinces, 1990-1993 Unit:10,000 t

Provinces	1990	1991	1992	1993	93/90(%)	93/92(%)
Shanghai	177.4	181.4	166.7	154.0	-13.2	-7.6
Jiangsu	1708.5	1632.8	1728.2	1680.0	-1.7	-2.8
Zhejiang	1321.4	1433.0	1299.8	1216.7	-7.9	-6.4
Anhui	1340.1	1058.0	1233.5	1248.6	-6.8	1.2
Fujian	731.2	725.7	733.0	694.5	-5.0	-5.3
Jiangxi	1587.7	1552.3	1473.6	1410.6	-11.2	-5.3
Hubei	1789.6	1553.9	1746.5	1621.5	-9.4	-7.2
Hunan	2468.2	2473.3	2423.1	2343.5	-5.1	-3.3
Guangdong	1677.7	1619.1	1565.3	1390.9	-17.1	-11.1
Guangxi	1200.8	1186.8	1242.9	1228.3	2.3	-1.2
Hainan	144.2	150.9	159.8	150.1	4.1	-6.1
Sichuan	2197.4	2105.6	2140.6	2027.1	-7.8	-5.3
Guizhou	360.3	433.0	379.0	369.7	2.6	-2.5
Yunnan	516.5	512.5	510.2	476.5	-7.7	-4.9

The main reasons rice production in the south has declined in recent years are, first, the reduction in the area of cultivated land. For instance, in Guangdong the area sown to rice in 1993 was 9.190 million mu less than in 1990, a reduction of 17.2 percent. During the same period, the reductions by province were: 7.2 percent in Jiangsu, 10.4 percent in Zhejiang, 13 percent in Jiangxi, 9.8 percent in Hubei, and 7.9 percent in Hunan.

Economic development causes reluctance of peasants to grow rice

A second reason is the irrational price relation between rice and other varieties of grain. Although consumption of manual labor and material for the production of paddy rice is so much higher than in the production of wheat, rice prices set by the government have always been lower than wheat prices. The government-set price for 1994 early rice was 0.84 yuan per kilo, which amounts to only 78 percent of the wheat price. With greater mobility of rural manpower and increased employment possibilities, people in the economically more developed regions of the south have lost enthusiasm for paddy rice production, because it yields such unduly low profits.

2) Inconsistencies in the grain quality structure and in grain circulation channels

There is actually no forty-million ton grain reserve

In 1994, the government adopted a series of measures against the rise in grain prices, but on the whole without evident results, and two views began to appear among the general public: One was that the government grain departments actually did not have a reserve of 40 million tons of grain, therefore it could not unload any supplies to stabilize the grain market. The other view was that the government grain departments did not seriously initiate measures to appease the market because they wanted to reap some profit for themselves. We could in a further analysis

examine whether there is any truth in these views. However, due to the increasingly acute inconsistencies in the quality structure of available grain, the amount of the grain reserve alone would actually not have been enough to hold down grain prices in the market.

Large disparity between purchasing prices and officially set prices

Grain production in China is done in small-scale and dispersed operations, also under greatly varying natural conditions between the different regions. Grain is therefore of greatly different quality, and its standardization has so far been limited. This situation determines the different purchase prices and different circulation channels, and the grain that is handled in this way shows large disparities in quality. Under normal conditions, the grain purchase prices set by the government are lower than the market purchase prices. In 1994, the government-fixed price for early rice was 0.84 yuan per kilo, while the market purchase price was generally 1.20 yuan. For late rice, the government set the prices at from 1.04 to 1.08 yuan per kilo, while the market purchase price was between 1.40 to 2.00 yuan. For wheat, the government set the purchase price at 1.80 yuan per kilo, while the market purchase price was generally around 1.25 yuan. For corn, the government set the purchase price at 0.64 yuan per kilo, while the market purchase price in the northwestern producing districts was somewhere between 0.85 and 0.90 yuan.

It is due to this large disparity between purchase prices set by the government and market purchase prices that the government grain departments could not and cannot buy good quality grain, while most people in the cities and towns now enjoy a higher standard of living and need use only a comparatively small proportion of their consumption expenditure (the nationwide average in 1993 was 6.255 percent) for the purchase of grain. They would therefore rather spend a little more money to buy better quality grain, and would not want to buy bad grain just for

the sake of saving some money. This provides the private grain dealers with the opportunity for large-scale business, because they are free to buy grain at market prices. Because the private grain dealers know well that the government departments cannot market good quality grain (particularly where rice is concerned), they do not worry about the possibility that the government, by selling any of its reserves, might bring down market prices. If the policy of having the government buy up grain at cheap prices continues, the function of government reserves should again be studied further.

III. Reform of the Present Chinese Grain Purchase and Sales Structure

After entering the 1990's, China clearly accelerated the process of reforming the structure of grain purchases and sales. In 1991, the central government set forth "making policy decisions on a regional basis, moving forward on a provincial basis" to guide reform of the this structure. Then, early in 1992, Guangdong and other provinces took the lead in the reform by decontrolling market prices. By the end of 1992, over 30 percent of all counties and cities throughout the country had decontrolled grain sales prices, and by the beginning of 1994, as many as 99 percent of all counties and cities had done so. By then the reform, i.e., the nationwide decontrol of prices for grain for the consumption of the population, had essentially been accomplished.

Establishment of grain markets lags behind development

The reasons reform in this respect could have moved forward so rapidly are, first of all, that the grain supply-demand relationship was at that time relatively relaxed, and state-fixed grain prices had come fairly close to market prices, so that decontrol of sale prices has had little effect for the general public. Another reason is that governments at all levels had great difficulties balancing their budgets, and by means of decontrolling grain sales prices could rid themselves of the burden of grain subsidies. When grain sale prices became so rapidly decontrolled, the establishment of grain markets could therefore not catch up, so that after decontrol of sale prices, no fully satisfactory grain market has yet been formed.

Peasant income is eight billion short every year

On the other hand, the government has decontrolled grain sale prices for the residents of cities and towns, but has essentially not decontrolled the contractual prices for fixed procurements from peasants. For instance, in 1993, the average government price for contractual purchases of grain under quota procurement was 0.80 yuan per kilo (which included 0.08 yuan as a price subsidy for means of agricultural production). In 1994, the average government price for contractual purchase of grain under quota procurement was 1.40 per kilo (the subsidy for means of agricultural production having been abolished). This gives rise to an inconsistency: If grain sale prices are decontrolled and procurement prices are not decontrolled, it is the peasants who suffer losses. Presently, government quota procurements of grain from the peasants amount to 50 million tons, of which 10 million are levied as an

agricultural tax, so that the peasants actually sell only 40 million tons to the government as contractual quota procurements. If we figure that there is a difference of 0.20 yuan per kilo of grain between government procurement prices and market purchase prices, the peasants lose at least 8 billion yuan in the process of supplying government contractual quota purchases.

The fact that procurement and marketing prices were not deregulated at the same time raises another two problems: One is that the price differential between purchases by government grain departments from peasants and the quota procurement prices of the government grain departments has become larger than before. The other problem is that the differential between market purchase prices of private grain dealers and quota purchase prices of government grain departments has become larger than before. Obviously, these two problems make peasants even less willing to sell grain to government grain departments.

A central agricultural work conference held during the last ten days of October 1993 resolved that in 1994, the policy for grain purchases is to be one of "maintaining quantity and decontrolling prices." It means that there will be no change in the 50 million-ton figure for government contractual quota purchases from the peasants, but that prices will freely follow the market. However, when market prices steeply rose shortly after the conference, it became impossible to carry out the policy of "maintaining quantity and decontrolling prices."

Inability of the government to buy grain in the market

This year the government plan is to set grain procurement prices 30 percent higher than last year (i.e., increase them from 0.80 to 1.04 yuan per kilo) and to buy 90 million tons from the peasants, of which 50 million tons will be obligatory sales on the part of the peasants as by previous method, and the balance of 40 million tons purchases on the open market by government grain departments, but all this will be beset with considerable difficulties. To fulfill their obligations under the plan for contractual purchases, some local governments will be forced to raise prices for these contractual quota purchases of grain. The central government has neither encouraged nor restrained local governments from going ahead with this method of raising prices, but has clearly stipulated: The price markups by local governments must not be charged as grain transport and marketing prices. The local governments may charge markups only as expenditures for financial subsidies.

In sum, there are presently great inconsistencies in the purchases of autumn rice. In order to hold down grain purchase prices in the market to be able to fulfill their obligations of contractual quota grain purchases at state-set prices, some local governments have already resorted to administrative measures to restrict grain purchases in the market and to restrict market circulation of grain.

IV. Views and Suggestions Regarding China's Present Grain Supply and Grain Price Problems

Key questions are those of varieties and quality

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The fundamental view is that the most influential factors causing turbulence in China's grain supply situation and grain prices at present and for some time to come are not problems of total quantity, but of varieties and quality, and among these it is particularly insufficiency of high quality husked rice that will constitute the most prominent problem. However, we must also see that there are some special causes for the 1994 rise of grain prices. First, grain prices have been inordinately low for many years, and in accordance with a comparison with other commodities, grain prices should have been appropriately raised. Second, this year's grain price increases have been much induced by adjustments in the price structure which the government instituted on its own initiative. In view of these two factors, we must say that this year's grain price increases have to some extent been reasonable and necessary. We also have to realize that for quite some time in future increases in land prices, labor costs, cost of capital, and prices for means of production are unavoidable. Grain prices are therefore bound to go up gradually, as it would otherwise be impossible to ensure a gradual increase in the domestic supply of grain.

Presenting three suggestions

1. Efforts to stabilize and restore domestic rice production

A) Appropriately adjust government contractual grain price. This year's government contractual purchase prices for rice were at the level of from 840 to 880 yuan per ton for early rice and 1,040 to 1,080 yuan for late rice, which was low in comparison with the 1,080 yuan level for wheat, and very clearly lower than prices on the international market. If no adjustment is effected in the comparative prices between rice and other varieties of grain, and if rice prices are not raised above wheat prices, according to the laws of the international market, domestic production and procurement of paddy rice will become increasingly difficult with every passing day.

B) Strictly control the loss of arable land. In the course of economic developments, protecting arable land has become an ever more conspicuous problem. In quite a number of places land management laws are actually not being enforced, a fact which is particularly evident in economically developed regions along the southern coast. It is necessary to adopt forceful measures to control the loss of arable land and to enhance the system of reclamation and restoration of arable land to avoid the continued rapid decline of rice production in economically developed regions along the southeastern coast.

Encouraging more rice production in the north

C) Appropriately encourage the north to increase its rice production. Rice production in the north is presently comparatively limited, but there is much potential. For instance, by 1993 rice production in Heilongjiang Province had increased 23.5 percent, compared with 1990. Increased rice production in the north could play an increasingly important role in alleviating the difficulties in the supply of high-grade rice in the northern and eastern parts of the country.

2. Appropriately utilize the international market to regulate the domestic supply and domestic rice prices.

Special attention should be paid at present to two issues: One is, that because rice was bought at prices set by local governments, it was evidently priced lower than rice on the international market. After greater foreign trade privileges were granted to local governments and grain departments, it therefore happened that they rushed to export rice, without regard for domestic requirements. This was detrimental to the domestic balance between rice supplies and demand, and detrimental to the stabilization of domestic rice prices, and this phenomenon is presently still expanding. The other issue is that local governments of the economically developed provinces and municipalities along the southeastern coast, who have foreign exchange capabilities, could be encouraged to increase their rice imports. Calculated at present market prices, prices for early rough rice in the Zhujiang delta of Guangdong Province is 1,400 to 1,600 yuan per ton and for high-grade middle and late season rough rice, 1,700 to 2,400 yuan per ton. Converted for husked rice, the prices would be around 2,000 to 2,300 yuan and 2,350 to 3,300, respectively. With foreign exchange capability, there would be economically no loss in now importing an extra amount of husked rice.

3. Accelerate reform of the grain purchasing and marketing system and the establishment of grain markets.

A) Unduly low prices set by the government for grain purchases cause many inconsistencies. For instance, peasants are disinclined to sell grain to government grain departments; the government can only buy low-grade grain, and thus can hardly exercise the function of calming down the market; the differential between purchase and sale prices of government grain departments is too large, and too much of the benefits of the grain producers is intercepted by intermediary links in the process; the differential with international market prices is too large, which is detrimental to government efforts to use grain from the international market to regulate the domestic grain market and price fluctuations. Reform of the grain purchasing and marketing system must therefore be resolutely attempted at an early date, aiming at complete deregulation of purchasing and marketing. As a temporary measure one might first apply the "maintaining quantity and decontrolling prices" method to the originally contracted 50 million tons of grain.

B) A system of checking qualifications should as soon as possible be instituted for grain dealers operating under the private ownership system. Presently, with private grain dealers "if profit looms, crowds of them will turn up; if there is no profit, they are gone as by one swipe," in matters of grain supply they have not the least feelings for social responsibility, they only add to the turbulence when fluctuations occur in supplies and prices on the grain market. Private grain dealers should be allowed to participate in commodity circulation, but their qualifications should be strictly checked. There should, for instance, be provisions as to their capital, amount of grain in storage, and other necessary installations and equipment. Those who do not qualify must not be allowed to conduct grain business.

Some cities and towns should establish fair-price grain shops

C) Government fair-price grain shops should be established in cities and towns. At present, the system of government grain reserves is not yet stabilizing prices throughout the entire grain market, and this is particularly so in the case of high-grade grains. The policy objective should therefore be revised by aiming at ensuring grain supplies for the low-income population in cities and towns. Establishing in cities and towns (especially in the medium and small cities and county seats in the interior) government fair-price grain shops, with the government determining and publishing prices to be charged, and especially selling cheaper and less tasty grain to ensure low-income people of basic grain requirements for personal consumption, this would indeed have a great effect in reassuring the minds of the entire population.

D) Accelerating the separation of government functions from those of enterprises in the grain departments of the government. The present disarray in the grain circulation sector is to a very substantial degree due to the failure up to now of government grain departments to separate government functions from those of business enterprises. The government should retain highly efficient policy-related grain agencies to assume administrative functions. A large part of the state's grain organization could as soon as possible be converted into truly business-oriented organs, and these should no longer be assigned administrative functions.

E) Accelerate grain circulation facilities, install market equipment and information transmission equipment, gradually perfect China's system of grain markets.

East Region

Jiangsu Capital's Economy Finding Success

OW1802093395 Beijing XINHUA in English 0730 GMT 18 Feb 95

[FBIS Transcribed Text] Nanjing, February 18 (XINHUA)—The export-oriented economy in this capital of east China's Jiangsu Province is earning large sums of money.

The city approved the establishment of 948 foreign-funded enterprises last year, bringing the total to 3,456.

With a combined investment of 5.8 billion US dollars, these projects are jointly run by local business people and their counterparts from more than 50 countries, and are largely involved in foreign trade.

Last year saw the city collect taxes from foreign-funded enterprises totalling 470 million yuan, an increase of 142 percent over the previous year.

In addition, Nanjing has made progress in foreign trade and co-operation.

According to statistics, the city exported 552 million US dollars-worth of goods last year, up 51.4 percent over the previous year, thanks to adjusting and optimizing the structure of goods for export.

Nanjing has set up 22 trading organizations in a dozen countries and regions, and 63 non-trading organizations in some 30 countries and regions.

Jiangsu To Develop Hi-Technology Industries

OW2002131895 Beijing XINHUA in English 1250 GMT 20 Feb 95

[FBIS Transcribed Text] Nanjing, February 20 (XINHUA)—Hi-tech industries will create new goods and services worth 50 to 60 billion yuan, or from 8 to 10 percent of the gross domestic product in east China's Jiangsu Province by the year 2000, according to a development blueprint.

The Suzhou Industrial Park in south Jiangsu will emerge as one that is as advanced as any other in the world, state hi-tech districts in Jiangsu will stay at the head of the country, and hi-tech trade volume will rise to 80 billion yuan, with 50 billion yuan coming from Suzhou, Wuxi, and Changzhou, all in south Jiangsu, according to the plan.

Jiangsu will join the world leaders in the areas of electronic information, combination of machinery and electronics, bio-engineering, and new materials, in addition to fostering 10 research bases with an army of personnel with expertise, according to the plan.

Hi-tech development will breathe new life into 70 percent of the traditional industries and bring some key sectors on a par with their counterparts in moderately advanced countries, says the plan, and the province will set up 1,000 hi-tech firms, produce 5,000 hi-tech products, organize hi-tech enterprise groups and multinationals, and introduce technology to 20 percent of its export commodities.

Jiangsu will focus efforts on developing 50 projects with close relations to economic development, in the fields of raw materials, engineering, textiles, medicines, light industry, agriculture, commerce and finance, to speed up the modernization of traditional industries.

Jiangxi Governor Addresses Propaganda Meeting

HK1702134695 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 13 Feb 95

[FBIS Translated Text] The provincial meeting of propaganda department heads opened in Nanchang today. The main task of this meeting is to relay and implement the guidelines laid by the national meeting of propaganda department heads, and to make arrangements for Jiangxi's propaganda and ideological work in the new year in line with actual conditions. Provincial leaders Wu Guanzheng, Zhu Zhihong, Lu Xiuzhen, Shu Huiguo, Zhong Qihuang, and Feng Jinmao attended this morning's session.

The meeting was presided over by Zhong Qihuang, member of the provincial party committee's standing committee and head of the organization department. He relayed the guidelines laid by the national meeting of propaganda department heads, which was held not long ago. Speaking on behalf of the provincial party committee and government, Governor Wu Guanzheng, deputy secretary of the provincial party committee, made an important speech.

Wu first of all affirmed the achievements made in Jiangxi's propaganda and ideological front over the past year. He pointed out: This year is the last one for fulfilling the Eighth Five-Year Plan, as well as a year for preparing to enter the Ninth Five-Year Plan. Since the task of reform and construction is very arduous, the propaganda and ideological front should have a clear understanding of the situation and their tasks; have a stronger sense of mission in accomplishing propaganda and ideological work; and conscientiously fulfill various types of work in accordance with the requirements for reaching a common understanding, assuming responsibility for the overall situation, having better coordination, and doing solid work. We must thoroughly study, discuss, and propagate Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and must integrate the thinking of vast numbers of party members and cadres with the spirit of the party Central Committee. What is important is elaborate organization and firm implementation. First of all, we must always focus on systematic study for leading cadres at and above the county level. Moreover, we also must devote considerable energy to the study for vast numbers of party members. We must insist on integrating theory with practice; on integrating theoretical study and discussion with propaganda on the party's line, principles, and policies; and on integrating the reaction to, and the solution of new problems that arise in the process of reform and development.

Wu Guanzheng said: Propaganda and ideological work, as an important component of party work, must be kept in line with the party Central Committee. Focussing on the overall work situation of the entire party and country, we

must take great pains to do well the propaganda for economic construction, reform, and opening up. As far as economic propaganda is concerned, we must pay attention to its authenticity and effectiveness. In particular, we should inspire everyone with distinct examples that have sprung up among the masses in order to boost their confidence in overcoming difficulties and striding forward. In addition, we must give play to the positive role of public opinion in halting such unhealthy tendencies as bureaucracy, formalism, false declarations and exaggeration, and putting on airs.

Wu Guanzheng stressed: Throughout the historical process of the socialist modernization drive, we must always adhere to the principle of doing two types of work simultaneously, while attaching equal importance to both. In particular, we must set a demand on how to subordinate propaganda and ideological work to the overall situation in a better way, and this is also an aspect to which current propaganda and ideological work should pay closer attention. We must into effect bring the education in patriotism; hold aloft the main theme; make the undertaking of socialist culture, art, and publishing further prosper; and launch mass activities to promote cultural and ideological progress in a solid manner. Party committees at all levels must conscientiously strengthen their leadership over propaganda and ideological work, and must treat the building of propaganda and ideological workers as a basic task. Moreover, more practical work should be done for departments responsible for propaganda and ideological work so as to solve their concrete problems in work, to promote the development of propaganda and culture undertakings, and to improve the latter's work.

A total of more than 200 people attended this morning's session, including the propaganda department heads of prefecture and city party committees, and of working committees directly under the provincial authorities; officials of propaganda and education departments directly under the provincial authorities; leading comrades in charge of colleges; and delegates to the provincial forum on external propaganda work and to the congress of teacher groups.

Shandong CPPCC Committee Session Opens

SK1802004195 Jinan Shandong People's Radio Network
in Mandarin 2300 GMT 16 Feb 95

[FBIS Translated Excerpt] The third session of the Seventh Shandong Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] ceremoniously opened at the Dongjiao Hotel in Jinan at 0900 on the morning of 16 February. Attending this grand occasion were 128 members of various nationalities from various parties, people's groups, and circles of the province as well as from Hong Kong and Macao.

Attending the session and seated in the front row on the rostrum were Lu Maozeng, chairman of the provincial CPPCC committee, and Zhai Yongbo, Tian Jian, Kong Lingren, Zheng Shouyi, Wang Yuyan, Cui Weilin, Wu Fuheng, Wu Minggang, Wang Zunong, Su Yingheng, Miao

Yongming, Li Gongjiu, and Liu Hongren, vice chairmen of the provincial CPPCC committee.

Invited to today's session and seated on the rostrum were Zhao Zhihao, secretary of the provincial party committee and governor of the province; Li Chunting, deputy secretary of the provincial party committee and vice governor of the province; Han Xikai, deputy secretary of the provincial party committee; Chen Jianguo and Song Fatang, deputy secretaries of the provincial party committee and vice governors of the province; Li Zhen, chairman of the provincial people's congress Standing Committee; Tan Fude, Standing Committee member of the provincial party committee and secretary of the provincial Discipline Inspection Commission; Han Yuqun, Standing Committee member of the provincial party committee and director of the United Front Work Department under the provincial party committee; Yu Peigao, president of the provincial higher people's court; and Zhao Changfeng, chief procurator of the provincial people's procuratorate. Also attending were former chairmen and vice chairmen of the provincial CPPCC committee and veteran comrades of the province, including Liang Buting, Zhao Lin, Gao Keting, Yu Jintao, Wang Zhongyin, Zhang Zhusheng, Zhou Xingfu, Li Sijing, Zhou Zhenxing, Xu Wenyuan, Ding Fangming, Zheng Weimin, and Jin Baozhen. Also attending were Pan Qiqi, Qu Jining, Yan Qingqing, Ma Changgui, and Wang Shenyin, Standing Committee members and members of the Eighth National CPPCC Committee, and (Zheng Guangchen), Standing Committee member of the provincial CPPCC Committee and former commander of the provincial military district. Former secretaries general and deputy secretaries general of the provincial CPPCC committee and some retired veteran comrades were also invited to the session.

Lu Maozeng, chairman of the provincial CPPCC committee, presided over the opening ceremony. [passage omitted]

Entrusted by the Standing Committee of the provincial CPPCC committee, Zhai Yongbo, vice chairman of the provincial CPPCC committee, delivered a report on the work of the Standing Committee of the provincial CPPCC committee. [passage omitted]

The report summarized the work done and achievements made by the provincial CPPCC committee over the past year in ten parts:

- 1) The committee paid attention to ideological building, and achieved great success in studying political theories.
- 2) The committee fully carried forward democracy and made a noticeable improvement in the quality of the legislative assembly.
- 3) The committee applied effective forms and made new headway in the united front work.
- 4) The committee strengthened fundamental work and made the conducting of investigations and studies increasingly solid and brisk.
- 5) The committee focused on learning about real situations and offering advice, and made great progress in having CPPCC members conduct inspections.
- 6) The committee solicited opinions from all sides and made even wider and more unimpeded channels to reflect the social situation and popular will.
- 7) The committee served as a

bridge linking the PRC with the world, and made new breakthroughs in cooperation and exchanges with overseas areas. 8) The committee based itself on sincere and solid work, and served the government in an even more noticeable manner. 9) The committee increased the dynamics of propaganda and made the CPPCC's effect on society expand continuously. 10) The committee kept abreast of the demand of the new situation and further strengthened the building of itself.

Zhai Yongbo stated: 1995 is the last year to comprehensively fulfill the Eighth Five-Year Plan, as well as a key year to continuously promote reform, opening up, and modernization. In line with the demands set by the CPC Central Committee and the provincial party committee of seeking a unity of ideas, taking the overall situation into account, strengthening coordination, and doing a solid job, we should persistently unify our ideas in line with the theory of building socialism with Chinese characteristics; should more consciously and firmly implement the party's basic line; should attend to work concerning the major issues regarding reform and construction; should positively offer advice and opinions for developing various undertakings of the province; should further increase the dynamics of democratic supervision; should promote the implementation of the major policies of the party and state; should actively explore new ways to participate in and discuss political affairs; should continuously expand the scope of activities of the CPPCC; should conscientiously improve and coordinate relations and strengthen understanding between different sectors; should create a stable social environment for the socialist modernization drive; and should give full play to the role of the CPPCC in conducting multi-party cooperation and political consultation. [passage omitted]

Media Coverage on Shandong Provincial Congress

Session Opens 18 Feb

SK1902054895 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 18 Feb 95

[FBIS Translated Excerpt] On the morning of 18 February, Jinan's Zhenzhuquan Hall was filled with an enthusiastic atmosphere of democracy and unity. The third session of the Eighth Shandong Provincial People's Congress, which was the focus of attention of people across the province, ceremoniously opened here. This session is of extreme importance held under the excellent situation in which major achievements were made in the province's reform, opening up, and modernization drive. Deputies from all localities across the province, shouldering the heavy trust of the 86 million people across the province, stepped into the congress session site with lofty sentiments and high spirits. They exercised the right of being master of one's own affairs on behalf of the people.

Executive chairmen of the congress session and executive members of the congress presidium Zhao Zhihao, Li Zhen, Ma Zhongcai, Wang Shufang, Miao Fenglin, Guo Songnian, Xu Jianchun, Ma Shizhong, Guo Changcai, Yan Qingqing, Ma Xutao, and Xu Xuemeng were seated on the front row of the rostrum. The congress session began at

0900. Li Zhen, executive chairman of the session and executive member of the congress presidium, presided over the session. [passage omitted]

Governor Zhao Zhihao gave a government work report. [passage omitted] His report was divided into three parts: 1. review of the 1994 government work; 2. 1995 government work tasks; 3. Further improve and strengthen the government's self construction. [passage omitted]

Committee members attending the third session of the seventh provincial committee of the Chinese People's Political Consultative Conference, and principal responsible comrades of various provincial-level departments, attended the opening ceremony as observers.

Congress Presidium on Governor

SK1902061695 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 18 Feb 95

[FBIS Translated Text] The presidium of the third session of the eighth provincial people's congress held a second meeting at the banquet hall of the Jinan Nanjiao Guesthouse Club on the evening of 18 February. The meeting discussed and adopted the draft decision to be submitted to the deputies for discussion on accepting Comrade Zhao Zhihao's request to resign from his post as governor of Shandong Province, and the draft electoral method of the third session of the eighth provincial people's congress to be submitted to the deputies for examination and discussion.

Wang Shufang, executive member of the congress presidium, presided over the meeting.

Shanghai Punishes Illegal Migrant Labor Employer

OW2002105795 Beijing XINHUA in English 0944 GMT 20 Feb 95

[FBIS Transcribed Text] Shanghai, February 20 (XINHUA)—A firm here has been punished for hiring transient laborers during the Spring Festival, the most important traditional holiday in China, in accordance with the latest measures for promoting the orderly movement of laborers.

The central authorities have ordered that all urban firms can employ transient laborers only one month after the festival so that transient laborers in tens of millions can have more time to get to the work places.

A clothing company put up an advertisement for jobs for nine tailors during the Spring Festival. The Transient Labor Administration imposed fines of over 10,000 yuan.

About 1.7 million transient laborers are seeking their fortune in Shanghai, China's largest financial and economic hub, which has already unveiled a series of regulations to safeguard the orderly flow of transient labor and has clearly forbidden the employment of transient laborers without official permission.

In the meantime, Shanghai has set up a transient labor service center, inviting over 40 labor-introduction institutions in 14 neighboring provinces to join the municipal transient labor market. It will put into operation smaller

transient labor markets as those in the Pudong New Area and Zhabei District in the near future.

By February 19, over 400,000 transient laborers had come to Shanghai and some units and individuals have tried to privately hire migrant laborers at railway stations and docks.

Shanghai Mayor Stresses Pudong Development

OW1702141195 Beijing XINHUA in English 1347 GMT 17 Feb 95

[FBIS Transcribed Text] Shanghai, February 17 (XINHUA)—The Pudong New Area here should pay strict attention to the development of infrastructures, functions and new urban districts in 1995, Shanghai Mayor Huang Ju said here today.

Huang told a session of the municipal people's congress that the area of the four major districts in Pudong should be expanded to 21 sq.m.

The Lujiazui Finance and Trade District should speed up its construction of 100 skyscrapers, and the 120 factories in the Jinqiao Export Processing District should be put into operation with an annual output of over 10 billion yuan, Huang added.

Specialized markets accommodating business from across the country and around the world should be established in the Waigaoqiao Bonded Zone and at least 10 hi-tech projects should be set up in the Zhangjiang Hi-tech Park, he said.

Leading organizations in finance, securities, and trade should be invited to Pudong and the Finance and Trade Building should be put into use as soon as possible, the mayor said.

Comprehensive services such as storage and transportation, export processing, materials collection and distribution, commodity exhibition, and commercial catering should be added to the Waigaoqiao Bonded Zone, he said.

While expanding its influence in inner areas, the new area should cultivate new industries and attract a group of hi-tech firms and investment firms willing to take risks in developing hi-tech projects, he concluded.

Shanghai To Launch 18 High-Tech Projects

OW1802145095 Beijing XINHUA in English 1424 GMT 18 Feb 95

[FBIS Transcribed Text] Shanghai, February 18 (XINHUA)—This, China's largest manufacturing center plans to undertake 18 major technology-upgrading projects this year to promote the growth of high-tech industries, according to the municipal government.

An official of the municipal government said that these projects will involve production of high-speed fax machines, mobile telecommunications equipment, optical fibers, organic pigments, continuous casting mills, water heaters, washing machines and energy-efficient lamps.

Each project will involve an estimated 200 million yuan in investment, the official said.

When completed, the 18 projects are expected to increase Shanghai's annual industrial output value by nine billion yuan and generate two billion yuan in pre-tax profits a year, he said.

Shanghai Reports Surplus of 510 Million Yuan

OW1802012795 Beijing XINHUA in English 0117 GMT 18 Feb 95

[FBIS Transcribed Text] Shanghai, February 18 (XINHUA)—Shanghai, China's leading manufacturing center, scored a budget surplus of 510 million yuan in 1994, Vice-Mayor Hua Jianmin announced here Friday.

Addressing the annual session of the Shanghai Municipal People's Congress, Hua said that local revenues amounted to 32.2 billion yuan and expenditures 31.69 billion yuan in 1994.

"The sustained, rapid, and sound development of the local economy has resulted in a big increase in revenues," he told the delegates.

In 1994, the city's gross domestic product—the value of goods and services—shot up by 14.3 percent over the previous year, with earnings by manufacturers from sales up by 16.4 percent and retail sales up by 23.5 percent.

According to Hua, tax revenues from foreign-funded companies soared by 100 percent, and those from financial, information, and consulting industries by 75 percent last year.

Revenues from the Pudong New Area—where flexible policies are being pursued to attract Chinese and overseas investors—came to 1.55 billion yuan in 1994, up 213 percent from the previous year.

Zhejiang Presidium Session Holds 1st Meeting

OW2002060595 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 17 Feb 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] The presidium of the Third Session of the Eighth Zhejiang Provincial People's Congress held its first meeting on the afternoon of 17 February to discuss and decide on matters concerning the third session. The meeting, presided over by Chairman Li Zemin, elected executive chairmen of the presidium by a show of hands. The elected executive chairmen were: Li Zemin, Xu Xingguan, Wang Qidong, Yang Bin, Li Debao, Kong Xiangyou, Zheng Shu, and Mao Zhaoxi.

The meeting approved the namelists of executive chairmen to the third session, as well as the session's agenda. The meeting elected (Lu Dongping,) (Du Yikang,) (Yu Rongren,) (Yu Ronghua,) (Gong Zhanhui,) (Shen Hui,) and (Shen Haimei) deputy secretaries general of the third session. The meeting also approved the namelist of observers to the third session; presented draft election procedures to will be submitted for examination; and set 1200 on 22 February as the deadline for submitting motions by deputies to the third session.

Central-South Region

Guangdong Governor Reports on Economic Growth

OW2102074795 Beijing XINHUA in English 0634 GMT
21 Feb 95

[FBIS Transcribed Text] Guangzhou, February 21 (XINHUA)—South China's Guangdong Province reported another period of rapid economic growth last year, reflecting its continuous development since 1991, according to the provincial governor Zhu Senlin.

Zhu attributed the achievements to the overall economic reforms, further cooperation with foreign countries, and macro-economic controls last year.

Guangdong, China's most prosperous province, has benefited from the open policies and development of socialist market economy. It reported 417.5 billion yuan in Gross Domestic Product (GDP) and 801.8 billion yuan in total industrial and agricultural output value last year. These were increases of 18 and 23.4 percent, respectively, over the previous year, Zhu said at the Third Session of the Eighth Provincial People's Congress opened recently.

The province took in 19.7 billion yuan in local revenues in 1994, 37 percent more than in 1993.

The output of grain in the province totalled 16.6 million tons, 295,000 tons more than 1993, in spite of periods of flooding last summer.

Township enterprises, a pillar in Guangdong's economy, created more than 300 billion yuan in output value last year, 45.3 percent higher than in 1993.

Zhu pointed out that total industrial output value last year was 26.4 percent more than in 1993, reaching 694.8 billion yuan. Fixed-asset investments, which mainly support the construction of infrastructure and key projects, registered a rise of 9.5 percent over the previous year.

Some key projects have been finished and put into operation, including the Guangzhou-Shenzhen expressway and high-speed railway, the Guangzhou-Shantou railway, the Daya Bay Nuclear Power Plant, and Yantian Port in Shenzhen.

Guangdong was still an attractive spot for foreign investment, especially for large multinationals, Zhu said, adding that foreign funds totalled 11.06 billion US dollars in 1994, a rise of 18.5 percent.

Exports and imports, another barometer of the provincial economy, reported 96.66 billion US dollars last year, 23.4 percent up over the previous year.

The economic growth has led to improvements in people's living conditions, Zhu said. The average annual income per person in Guangdong's urban and rural areas was 5,877 yuan and 2,182 yuan, respectively, rising 13.6 percent and 3.8 percent after taking inflation into account.

Mayor Says Guangzhou To Proceed With New Airport

HK2102063295 Hong Kong SOUTH CHINA MORNING
POST in English 21 Feb 95 p 7

[By Chan Wai-fong in Guangzhou]

[FBIS Transcribed Text] Beijing has given formal approval to Guangzhou to proceed with its new 14.8 billion yuan (HK\$13.56 billion) international airport, according to Mayor Li Zhiliu.

This is despite Beijing's call for a clampdown on fixed-assets investment, and the fact that the construction of a metro and light railway mass transportation network with a total outlay of 12.75 billion yuan is already well under way.

The Mayor said Guangzhou will spend about 500 million yuan this year on feasibility studies, demolition projects and resettlement of families at the sites.

Eight villages made up of 3,500 households and consisting of 13,000 people will be affected.

The resettlement of people hit by the construction of the metro line already poses a major challenge for Guangzhou.

About 3,000 households have to be resettled after the Government employed "strong" administrative measures and offered compensation. The whole project is estimated to be costing about two billion yuan.

Mr Li admitted that resettlement and capital were the two main difficulties of the massive project.

And he said leaders in Beijing were concerned how money could be raised to complete the airport project.

The new airport will be a shareholding company with local and foreign capital. The Civil Aviation Administration of China has already promised four billion yuan.

Last year, Guangzhou reported a 40.93 per cent increase in fixed- assets investment and a 20 per cent economic growth rate—both figures were higher than in Guangdong.

In contrast, the inflation rate of Guangzhou was 16.6 per cent—2.3 per cent lower than in the province.

Guangzhou's forecasts this year are similar to the province, with a 15 per cent economic growth rate, a 15.6 per cent increase in fixed-assets investments and 15 percent inflation.

Despite high economic growth, Guangdong also suffered from tight capital, Mr Li said.

Guangzhou Mayor 'Defying Government Orders' on Prices

HK2102075095 Hong Kong HONGKONG STANDARD
in English 21 Feb 95 p 6

[By Pamela Pun in Guangzhou]

[FBIS Transcribed Text] Guangzhou Mayor Li Zhiliu is defying government orders to freeze prices, despite the country's runaway inflation.

"The saying that the lower the price the better is not right," the liberal mayor of this provincial southern capital said yesterday.

Mr Li said he had set a 15 per cent price ceiling this year, compared with last year's 16 per cent level.

The target is two percentage points higher than the rest of the province.

Earlier, Guangdong governor Zhu Senlin pledged to bring down inflation below 13 per cent on condition cities and township governments fully implemented provincial policies and measures.

Restructuring debt-ridden state enterprises and curbing runaway inflation was top of the agenda for this thriving Chinese city.

However, Mr Li said sweeping reform of the state sector this year could result in a fifth of the workforce losing their jobs.

He said there were 385 state-run firms in difficulty with debts amounting to 4 billion yuan (HK\$3.67 billion).

He said the municipal government's determination to push ahead with its radical reform package was likely to increase the problem.

He said of the 900,000 workers in Guangzhou, 200,000 already faced being laid off and the social security system would be one of the few measures that would help reduce the negative impact of the blow.

Meanwhile, Mr Li said central government had in principle endorsed the proposal to build a new international airport in the city.

Experts have said growing air traffic in the Pearl River Delta region in recent years and Hong Kong's Chek Lap Kok, could cause chaos in the southern China region skies.

He said Chinese Premier Li Peng and several vice-premiers had approved the plan and the project had reached the stage where feasibility studies could be carried out.

Eight villages, housing 13,000 people, would be knocked down in Huadu city, northern Guangzhou, to make room for the new airport.

Guangdong Rejects Applications for Schools

OW2102045195 Beijing XINHUA in English 0313 GMT
21 Feb 95

[FBIS Transcribed Text] Guangzhou, February 21 (XINHUA)—No more applications for establishing expensive schools will be accepted in southern China's Guangdong Province, according to the provincial government.

Departments will conduct a strict review of existing schools in this category in the province in order to ensure the healthy development of private and non-governmental schools, said Lu Zhonghe, deputy governor in charge of education in Guangdong, at a conference here this Sunday [19 February].

Private and non-governmental schools have had a period of rapid growth during the past few years. By the end of 1994, a total of 629 private and non-governmental schools including kindergartens, primary schools, high schools, and colleges had been approved to open across the province. Of these approved, 31 demand extremely high tuition, of which 19 have already begun to offer lessons.

Basic tuition at most of these 31 schools ranges from 150,000 yuan to 200,000 yuan. The highest is 300,000 yuan (35,500 U.S. dollars). The schools demand such large sums of money from students' parents and return an equal amount to them after a few years, using the interests on the money in the meantime to cover school expenses.

A total of 7,000 students are now enrolled in these schools, which is only 10 percent of the schools' capacity.

These schools, usually started with an investment of 70 million or 80 million yuan each, some with as much as 100 million yuan, are more than enough in number for the province, said the deputy governor.

The provincial government is now formulating rules and regulations to strengthen management over private and non-governmental schools in the province, Lu added.

Guangdong's Real Estate Investment on Track

OW1902041595 Beijing XINHUA in English 0257 GMT
19 Feb 95

[FBIS Transcribed Text] Guangzhou, February 19 (XINHUA)—Investment in real estate in south China's Guangdong Province has been put on the right track after one year of adjustment.

More and more investors are paying attention to constructing economic and practical apartment buildings in this economically booming province bordering Hong Kong.

According to statistics, the growth of investment in real estate in the province last year was below 25 percent, dropping 100 and 200 percentage points respectively over the previous two years, and that of land development by 40 percent.

Last year, commodity buildings under construction totalled a combined floor space of 50 million sq m [square meters], and the growth was 73 percentage points less than in the previous year.

The number of commodity buildings completed last year increased by 5.1 percent over the previous year, while sales of buildings dropped by 15 percent.

At present, housing prices in most areas of Guangdong except for this provincial capital have plummeted by 10 percent to 20 percent.

Of the commodity buildings being erected, 82.3 percent are apartments, 9.3 percent are commercial and service buildings, and 5.7 percent are workshops. [figures as received]

Local officials said that this year the province will continue to strictly control the investment on real estate.

Guangxi Develops Communications Services

OW2102072495 Beijing XINHUA in English 0650 GMT
21 Feb 95

[FBIS Transcribed Text] Nanning, February 21 (XINHUA)—People in southwest China's Guangxi Zhuang Autonomous Region are enjoying more convenient postal and telecommunications services, thanks to the regional government's efforts to update the local telecommunications industry.

Over the past four years, the region has pumped 3.48 billion yuan in investment into the sector, importing up-to-date telecommunications equipment such as program-controlled switchboards, optic-fiber transmission systems, mobile telephone systems, and mail sorting machines from abroad.

As a result, a modern post and telecommunications network is taking shape in the region, with program-controlled telephones having been installed in eighty-three cities and counties in the region, and telephones in some 720 townships having been automated.

The current exchange capacity in the region is triple that of 1990, while the number of mobile telephone and wireless paging service subscribers has risen to 45,000 and 450,000, respectively. Microwave cable and optic-fiber cable have also been extended to 1,600 km and 3,600 km, respectively.

The postal service has also undergone an expansion over the past four years, with ninety-two new post offices having been opened since 1990, and nine postal routes totalling 1,500 km and 82 postal vans having been put into operation. Automatic mail sorting machines have now been introduced to the post offices.

Southwest Region**Sichuan Governor Addresses Congress on Economy**

OW1802161295 Beijing XINHUA in English 1520 GMT
18 Feb 95

[FBIS Transcribed Text] Chengdu, February 18 (XINHUA)—Sichuan, the most populous province in China, scored an 11 percent increase in its Gross Domestic Product (GDP) in 1994, according to Governor Xiao Yang.

Addressing the current annual session of the Provincial People's Congress, Xiao said that Sichuan's GDP—the value of goods and services produced—amounted to 271.24 billion yuan in 1994.

Sichuan, with a population of more than 100 million, reported a sustained growth of its rural economy last year, he said.

In 1994 the agricultural output value rose 3.8 percent to 116.9 billion yuan and the production value of rural industries soared by 89 percent to 364 billion yuan.

Local farmers harvested 42.32 million tons of grain and produced 5.02 million tons of pork, mutton and beet last year.

According to Xiao, big increases were scored in the production of major manufactured goods as a result of faster technological upgrading.

Sichuan's industrial output value climbed nearly 20 percent last year to 271.5 billion yuan.

He said that progress has also been made in the construction of energy, transportation and telecommunications facilities.

In 1994 some 697 km of roads were built or upgraded, 2,200 km of optical telecommunications lines laid and generating units with a total capacity of 870,000 kw installed throughout the province.

Automatic telephone dialing service was introduced to 191 counties last year, he said.

"Sichuan has also stepped up market construction," he added.

Last year Sichuan build and upgraded 70 major wholesale markets, including a meat wholesale market in this provincial capital.

The province's retail sales amounted to 100.6 billion yuan-worth in 1994, up 5.4 percent in real terms, Xiao said.

Sichuan's revenues rose 15.5 percent last year to 13.55 billion yuan, according to the governor.

Sichuan's Economic Ethnic-Minority Areas Booming

OW1802093295 Beijing XINHUA in English 0820 GMT
18 Feb 95

[FBIS Transcribed Text] Chengdu, February 18 (XINHUA)—The economy of the areas inhabited by ethnic minorities in Sichuan Province, southwest China, is developing steadily.

According to statistics, the gross domestic product in these areas amounted to 12.6 billion yuan last year, an increase of 13 percent over the previous year.

Sichuan has 14 ethnic minorities, with a combined population of more than four million. They inhabit more than one half of Sichuan's total territory.

The annual agricultural output value in these areas increased by six percent last year to seven billion yuan. Included were five billion yuan of gross output value generated by rural industrial enterprises. Although the province was hit by frequent natural disasters last year, it still reaped a good grain harvest of 3.04 million tons, an increase of 50,000 tons over the previous year.

At present, these ethnic-minority areas have about 2,600 industrial enterprises.

In addition, the retail sales in these areas amounted to 4.5 billion yuan last year, an increase of 20 percent over the previous year, thanks to the establishment of more markets.

Sichuan Province Further Readjusts Industrial Structure

OW2002171795 Beijing XINHUA in English 1630 GMT 20 Feb 95

[FBIS Transcribed Text] Chengdu, February 20 (XINHUA)—Sichuan Province, southwest China, will further readjust its industrial structure to meet the needs of the economic growth this year.

Sichuan, China's most populous province, will give priority to the development of steel, television sets, video-recorders, power equipment, motor vehicles and construction machinery this year, while upgrading its traditional industries of textiles, foodstuffs processing, pharmaceuticals and building materials.

The province is one of China's key industrial bases and leads the country in power, machinery, electronics and nuclear industries.

The provincial government has decided to exert more efforts to help enterprises in these fields to upgrade their technology, enliven their operations, continue their reforms and introduce a modern enterprise system to various businesses.

Tibet Speeds Up Pace of Local Legislation

HK1802020995 Beijing ZHONGGUO XINWEN SHE in English 0804 GMT 17 Feb 95

[FBIS Transcribed Text] Lhasa, February 17 (CNS)—Tibet Autonomous Region's 6th People's Congress has evidently sped up its pace of local legislation. In the past two years, 44 local laws and regulations were passed and put into effect. In the next three years, there will be more than ten new local laws and regulations to be promulgated in the region.

Since the first session of the 6th People's Congress in 1993, there have been 57 planned legislative items with some 40 being promulgated, including the Management Methods of Commodity Exchange Markets in Tibet Autonomous Region, Methods of Implementation of Compulsory Education Law of PRC in Tibet Autonomous Region, and Provisional Regulations of Protection of Lawful Rights and Interests of the Aged in Tibet Autonomous Region. This batch of legal documents have further standardized the operation of the socialist market-based economic system in the region, and effectively promoted the protection of the basic political and democratic rights of people of all nationalities in Tibet, playing an active role in boosting the economic development and maintaining social stability in Tibet.

The Congress will start its preparation work for enacting local laws and regulations concerning methods of trading agricultural and livestock products, regulations on reducing burdens on farmers and herdsman, and regulations on management over natural preserves in the region.

North Region

Beijing People's Congress Gives Personnel Decisions

SK1702070695 Beijing BEIJING RIBAO in Chinese 21 Jan 95 p 3

[Decision on personnel appointments and removals by Beijing Municipal People's Congress Standing Committee, adopted at the 15th Standing Committee meeting of the 10th municipal people's congress on 20 January]

[FBIS Translated Text] Appointment of Zhang Liangji [1728 5328 1015] as director of the Beijing Municipal Public Security Bureau.

Removal of Xu Zhongxiang from the post of director of the Beijing Municipal Public Security Bureau.

Appointment of He Zhuoxin [0149 0587 2450] as director of the Beijing Municipal Press and Publication Bureau.

Removal of Long Xinmin from the post of director of the Beijing Municipal Press and Publication Bureau.

Appointment of Liang Wei [2733 0251] as director of the Beijing Municipal Grain Bureau.

Removal of Wu Guiyun from the post of director of the Beijing Municipal Grain Bureau.

Beijing Reforms Social Security System

OW2102065395 Beijing XINHUA in English 0624 GMT 21 Feb 95

[FBIS Transcribed Text] Beijing, February 21 (XINHUA)—Beijing is reforming its social security system, with emphasis on insurance reform.

The city will experiment with retirement, unemployment and medical care insurance this year, said a municipal labor department official.

The major measures the local government will adopt this year are as follows:

- A series of regulations, including ones covering medical care for urban workers suffering from serious diseases, pensions for senior urban workers, industrial injury and maternity insurance for women workers, will be made public this year.

- A multi-level pension insurance system will be implemented. Enterprises are encouraged to take supplementary measures while workers are urged to deposit savings in pension fund accounts in banks.

- The city will set up an individual medical account system as of March this year.

- Allocation of unemployment relief will be combined with job reassignment and training.

- A community insurance service system will lighten the burden on enterprises.

To achieve these goals, the municipal government has set up two special organs to take charge of social insurance

funds and will unify the management of insurance funds for industrial injury and maternity leave for women workers.

It is learned that more than two million urban workers in Beijing are covered by unemployment insurance schemes, and another two million workers have taken part in retirement pension schemes.

Hebei Governor Discusses Province's 1994 Growth

OW2102053295 Beijing XINHUA in English 0144 GMT 21 Feb 95

[FBIS Transcribed Text] Shijiazhuang, February 21 (XINHUA)—Hebei Province in north China reported overall and rapid economic expansion last year, governor Ye Liansong addressed to [as received] the local people's congress Monday [20 February].

In 1994, the province's Gross Domestic Product reached 213 billion yuan. The province had planned to reach the level by the year 2000 in an earlier economic development program.

The province registered a 20 percent growth in financial revenue which reached 18.2 billion yuan.

In his report, the governor emphasized that province saw the best progress last year with regard to urban and rural people's income, bank savings and housing facilities.

The urban residents' income per capita was 3,008 yuan while farmers' income per capita was 1,107 yuan.

Despite natural disasters in some areas, Hebei, a leading grain producer, made a record grain output of 25 million tons last year, up by six percent over that of the year before.

The output of other farm products, such as cotton, edible oil, egg, meat and milk, all have seen increases to great extent, the governor said.

Meanwhile, the total output value of the province's township enterprises doubled the figure of the previous year.

As for industry, total output of this sector increased 16 percent to reach 90 billion yuan. Both state-owned and private enterprises have become more energetic, Ye said.

The province also saw rapid growth in market building and transport, postal and telecommunication facilities. Its value of service trades topped 65.3 billion yuan, accounting for 30.7 percent of the province's overall GDP.

In addition, the province's volume of foreign trade reached 2.91 billion U.S. dollars, up by 23 percent over the previous year.

New Hebei Airport Opens for Service

OW1802091095 Beijing XINHUA in English 0817 GMT 18 Feb 95

[FBIS Transcribed Text] Shijiazhuang, February 18 (XINHUA)—The newly-built airport in this capital of Hebei Province opened for service today.

About 280 km south of Beijing, the 200-ha airport was built within 720 days, with a total investment of 460 million yuan.

The modern airport is able to accommodate large planes, such as Boeing 757s and A310s.

So far, it operates seven air routes and will open more this year to link the city with 22 of China's larger cities.

In the meantime, Hebei is building or expanding five other airports.

Hebei To Boost Electronics Sector

OW1802093495 Beijing XINHUA in English 0846 GMT 18 Feb 95

[FBIS Transcribed Text] Shijiazhuang, February 18 (XINHUA)—North China's Hebei Province is determined to boost its electronics products sector in the coming five years.

According to the plan, the province will focus on the development of EIM601 program-controlled exchanges, digital cellular mobile telecommunication networks, digital ground satellite stations, large-screen color television sets, digital broadcast receiving equipment, air-conditioners, SIT power equipment and energy-saving equipment, liquid crystal displays, computers, and magnetic materials and related technology.

To reach the objective, the province is building new enterprises and expanding the existing facilities. It is also co-operating with foreign companies to import more advanced technology while setting up an information network.

Inner Mongolia Reveals 1994 Economic Performance

SK1702232295 Hohhot NEIMENGGU RIBAO in Chinese 25 Jan 95 p 1

[By reporters Gao Ping (7559 1627) and Sun Yahui (1327 0068 6540): "Reform Move Sees Noticeable Results; National Economy Steadily Increases"]

[FBIS Translated Text] On the morning of 24 January, the regional government held a news conference to release figures on the 1994 economic situation. Entrusted by the regional government, Comrade Li Bin, the news spokesman and deputy director of the regional statistical bureau, held a briefing on the 1994 national economic situation in the region. He stated: Since 1994, our region has conscientiously implemented a series of principles and policies formulated by the party Central Committee and the State Council; has comprehensively carried out various reforms; has further strengthened macroeconomic regulation and control; has noticeably improved the economic environment; and has continued to steadily increase the entire national economy. Based on initial estimates, in 1994 the region's gross domestic product exceeded 65 billion yuan, an increase of 10.1 percent or so over the previous year if calculated in terms of comparable prices. Since 1992, the region's economic growth rate has exceeded 10 percent for three years in a row.

Last year, the general development trend of the national economy of our region was good. We still reaped a bumper harvest in agricultural and animal husbandry production, despite a year of serious disasters. The total grain output of the entire region totalled 10.83 million tonnes, marking the second highest yield year in history. The total number of livestock during the animal husbandry fiscal year totalled 57.112 million, creating another all-time record. We maintained accelerated growth in industrial production. The initial estimate shows that the industrial added-value of the entire region in 1994 was 19.9 billion yuan, up 12.8 percent over the previous year if calculated in terms of comparable prices. One of the conspicuous characteristics was that the growth of light industrial production began to noticeably increase. Annual light industrial added-value increased by 16.7 percent; the growth rate was quicker than that of heavy industry by 5.5 percentage points. Financial revenue steadily increased. In 1994, the region's total financial revenue amounted to 6.73 billion yuan, up 15.5 percent over the previous year if calculated in terms of comparable standards. Of this, local financial revenue was 3.55 billion yuan, up 18.3 percent. The income of urban and rural residents continued to increase steadily. Based on initial statistics, the average per capita income of urban residents in 1994 was 2,275 yuan, up 32.9 percent, or an actual increase of 6.9 percent if the price increase factor is excluded; the average per capita net income of peasants and herdsmen throughout the region was 1,062 yuan, up 28 percent, or an actual increase of 4.8 percent if the price increase factor is excluded. Of this, the income of herdsmen totalled 1,664 yuan, up 28 percent; that of peasants totalled 970 yuan. The actual increase in the net income of herdsmen was noticeably quicker than that of peasants.

In evaluating our region's economic development trend, the regional statistical bureau pointed out: Our region's national economic growth rate has exceeded 10 percent in three successive years, indicating that economic growth is in a new expanding period, and the expanding pattern has shown a brand-new change different from the previous one. First, the fluctuation period of the economic growth cycle has been noticeably shortened. Our region is in a stage of changing from an agricultural society to an industrial society. Owing to the upgrading and changing of the industrial structure, a trend has emerged of gradually accelerated economic growth. Second, because of the economic development mechanism and the rapid change in the progress of marketization, the degree of commercialization, monetization, and marketization in our region's economy has also been enhanced. Third, the structure of economic growth has undergone profound changes, and the motivation for the demand of economic growth has changed from one of inducing investment and consumption before 1990 into one of mainly inducing investment, thus giving rise to the development pattern that heavy industry leads light industry. Fourth, the relationship between balancing supply and demand in various aspects has improved. Particularly, the situation in the supply and demand of communications, electricity, and major commodities has noticeably improved.

Last year, our region witnessed effective results in structural reform and economic development; the problems on the road of advance were also very prominent, mainly including fairly serious inflation, excessively high commodity prices in the market, difficulties in the production and management of some enterprises, and a fairly great number of problems facing agricultural development. In view of these problems, the central tasks of our region's macroeconomic regulation and control in 1995 are to resolutely curb inflation; promote the combination between quantity and quality, an rate and efficiency, in economic performance; unceasingly eliminate obstacles in the economic cycle; exert strenuous efforts to enhance the quality of economic operation; and guarantee the smooth realization of the objective of reform and opening up as well as basic social stability.

Tianjin Secretary on Anticorruption Work

SK1802064595 Tianjin TIANJIN RIBAO in Chinese
13 Feb 95 p 1

[FBIS Translated Excerpt] The municipal party committee and the municipal people's government jointly sponsored a conference of leading cadres from various districts, counties, and bureaus on 11 February to relay the spirit of the fifth plenum of the Central Discipline Inspection Commission; to sum up the anticorruption work done by the entire municipality in 1994; and to make work arrangements for combating corruption this year. During the conference, Gao Dezhan, secretary of the municipal party committee, stressed: Bearing the reality of the municipality in our minds, we should do a good job in implementing the central authorities' guidelines so as to carry forward the anticorruption struggle in a more thorough, sustained, and effective way.

Gao Dezhan, secretary of the municipal party committee, attended the conference and delivered an important speech.

Zhang Lichang, deputy secretary of the municipal party committee and mayor of the municipality, presided over the conference.

Attending the conference were leading personnel from the municipal level organs, including Nie Bichu, Liu Fengyan, Fang Fengyou, Zheng Zhiying, and Zhang Haosheng; as well as veteran comrades, including Wu Zhen and Yang Huijie.

Liu Fengyan, member of the municipal party standing committee and secretary of the municipal discipline inspection commission, delivered a report on relaying the spirit of the fifth plenum of the Central Discipline Inspection Commission; on summarizing the anticorruption work done in 1994; and on making work arrangements for the struggle this year. [passage omitted]

In his speech, Gao Dezhan pointed out: In conducting the anticorruption work this year, we will face many new situations and problems. In order to further deepen the work based on the original foundation and in order to score new effects, we must deepen our understanding and

further enhance our consciousness and our sense of emergency in the anticorruption struggle. We should further discern the importance of the anticorruption struggle, fully understand the characteristics of the anticorruption work this year, and deeply understand the protracted nature and arduousness of the struggle. We should not only unswervingly and successfully grasp the struggle by regarding it as a day-to-day work but also grasp the struggle stage by stage in line with the arrangements made by the CPC Central Committee and the Central Discipline Inspection Commission and score results step by step. Leading personnel at all levels must attach great importance on the anticorruption work, resolutely refrain from lowering their guard in it, and further deepen it.

Gao Dezhan stressed: We should further reinforce the dynamics in the work of anticorruption and concentrate our efforts on deepening the work. According to the spirit of the fifth plenum of the Central Discipline Inspection Commission and the demands of the "two projects and two breakthroughs" put forward at the third plenary session (enlarged) of the sixth provincial party committee, we should reinforce the dynamics in the work of anticorruption struggle this year; upgrade standards in the work; make a breakthrough among difficult points in the work; and concentrate our efforts on deepening the struggle and on taking radical and stopgap measures simultaneously so as to enable the municipality to strive to score new achievements in the struggle. In grasping the three tasks of the anticorruption struggle, we should reinforce the dynamics in the work of grasping implementation and scoring practical effects; make new progress in having leading cadres be honest and self-disciplined; make new breakthroughs in investigating and handling cases violating the law and discipline; and score new achievements in correcting the malpractice cropping up among various departments as well as various industries and trades. This year's emphasis in correcting malpractice and consolidating discipline should be concentrated on checking the three malpractices—arbitrarily establishing check points, collecting charges, and imposing fines along highways; arbitrary collection of charges conducted by middle and primary schools; and arbitrarily apportioning peasants and collecting charges from them. We should realistically achieve practical effects in this regard. In addition to the key industries and trades as well as departments that have been clearly pointed out by the municipal authorities for correcting their malpractice, other industries and trades as well as departments should conduct the work of their own in this regard in line with their actual situation and define their focal points in the rectification work. They should also realistically deal with the problems about which the masses have lodged strong complaints. In conducting the anticorruption work, we should reinforce the dynamics in the work of enhancing the construction of ideology and politics and of strengthening the supervision. Strenuous efforts should be made to establish the systems of combating corruption; and encouraging honesty. We should further establish or improve the regulations, systems, and procedures of work in various fields.

Gao Dezhan pointed out: The key to deeply carrying out the anticorruption struggle and fulfilling various tasks set

for this year lies with party committees and governments at all levels, which should realistically enhance their leadership over the struggle and improve the anticorruption work to a new level. These party committees and governments should make anticorruption work a priority in their important daily schedule. The principal leaders of party and government organs should take personal charge of the struggle and staffers in the leading bodies should do a good job in sharing the anticorruption work for dealing the problems in specific fields and departments so as to create a situation in which the struggle is being grasped and managed by all. A good job should be further done in grasping organizational implementation, earnestly enforcing the system under which leading personnel hold responsibility for the attainment of certain objectives in the anticorruption work, gradually engaging in study of establishing an effective mechanism in the work of combating corruptions and encouraging honesty, and achieving in regularizing and systematizing the anticorruption work. We should strictly grasp the principles, master the policies, and further bring into play the role of discipline inspection departments and supervisory ones.

Gao Dezhan stated: We are now at a crucial period in which the municipality can achieve development. The situation we face is very delicate and our tasks are very arduous. We should more closely rally round the CPC Central Committee with Comrade Jiang Zemin at the core, earnestly assume responsibility and do our work in a down-to-earth manner in line with the central authorities' arrangements, and carry forward the anticorruption struggle in a deeper way. We should also provide a fine social environment for party building and economic construction and make still greater contributions to promoting better economic development and social progress in the municipality as a whole.

Zhang Lichang put forward the demands of relaying and implementing the spirit of the fifth plenum of the Central Discipline Inspection Commission. He stated: We should vigorously relay and implement the spirit, vigorously grasp the implementation, adopt effective measures, and score new effects. The principal leading personnel of party and government organs should set an example in this regard; take the lead in studying, relaying, and implementing the plenum's spirit; take personal charge of grasping implementation; and take the lead in being honest and self-disciplined.

Tianjin Reports on Enterprises' Achievements

SK1802065695 Tianjin TIANJIN RIBAO in Chinese
27 Jan 95 p 1

[FBIS Summary] According to statistics, township enterprises across Tianjin Municipality realized 76 billion yuan of total output value in 1994, a 40 percent increase over 1993. Of this output value, that achieved by industrial enterprises jointly run by townships and villages totalled 66 billion yuan, a 38 percent increase over 1993. The total volume of profits accumulated by township enterprises last year totalled 4.5 billion yuan, a 17 percent increase over 1993. Of the 30 billion yuan of municipal industrial output value estimated in the statistics, more than 20 billion yuan

of output value was achieved by township industrial enterprises. The value of exported products turned out by township enterprises last year totalled 8.4 billion yuan, a 33 percent increase over 1993.

Northeast Region

Coverage of Heilongjiang Committee Sessions

Heilongjiang's CPPCC Session Opens

SK1802003995 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 13 Feb 95

[FBIS Translated Excerpt] The theater of the provincial Economic and Trade Exhibition Center was permeated with a democratic and harmonious atmosphere this afternoon. At the center of the rostrum, which was decorated with fresh flowers and green cypress, was the emblem of the Chinese People's Political Consultative Conference [CPPCC] flanked by 10 red flags. The third session of the Seventh Heilongjiang Provincial CPPCC Committee opened here ceremoniously. At 1400, Zhou Wenhua, chairman of the provincial CPPCC committee, declared the session open. [passage omitted]

People seated on the rostrum were provincial leaders, including Yue Qifeng, Sun Weiben, Tian Fengshan, Wang Jiangong, Ma Guoliang, Shan Rongfan, Meng Qingxiang, Yang Guanghong, Wang Xianmin, Li Qinglin, Yu Jingchang, Qi Guiyuan, Cong Fukui, Sun Kuiwen, Zhou Tienong, Yang Zhihai, Wang Zongzhang, Ma Shujie, Wang Haiyan, Huang Feng, Dai Moan, Fu Shiyang, Guo Shouanang, Chen Wenzhi, Tan Fangzhi, Zhao Shijie, Wang Zhitian, and Wu Dinghe; leaders of the provincial military districts and army units stationed in the province, including Wang Guiqin, (Wu Yiqian), and (Luan Jinxian); provincial-level retired comrades, including Zhao Derun, Li Jianbai, Wang Zhao, and Chen Jianfei; and Zhang Huanchen, secretary general of the provincial CPPCC committee.

Zhou Wenhua said in his opening speech: Under the guidance of the guidelines of the 14th party congress and the third and fourth plenary sessions of the 14th party Central Committee, the guiding thought and major tasks of this session are to adhere to Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the party's basic line; to adhere to the principle of seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability; to thoroughly implement the guidelines of the third enlarged plenary session of the fourth provincial party committee; to actively open up the second battlefield of economic development while never slackening efforts in the development of agriculture and state-owned enterprises; to greatly cultivate new economic growth points; to realize the economic development ideas and goals put forward by the provincial party committee; to give full play to the CPPCC's role in political consultation, democratic supervision, and participation in the discussion on state and government affairs; and to unite and mobilize all democratic parties, federations of industry and commerce, persons without party affiliation, people's organizations, and

patriotic people of various nationalities from various circles throughout the province to emancipate the mind, unify understanding, uplift the spirit, enhance confidence, and strive to attain on schedule the strategic objective of achieving a 300-percent increase and a moderately prosperous life under the leadership of the provincial party committee.

Yue Qifeng, secretary of the provincial party committee, gave a speech entitled "Work Hard Together To Create Prestige." [passage omitted]

Yue Qifeng pointed out in his speech: This is a crucial year for inheriting the past and ushering in the future, in which we will comprehensively fulfill the Eighth Five-Year Plan for economic and social development and prepare to initiate the Ninth Five-Year Plan. It is hoped the chairmen, vice chairmen, and members of the CPPCC committees at all levels in the province will play a still greater role in and make still greater contributions to promoting Heilongjiang's reform and opening up, economic development, scientific, technological, and educational advances, and social stability.

Entrusted by the Standing committee, Huang Feng, vice chairman of the provincial CPPCC committee, gave a work report of the seventh provincial CPPCC committee. The report was composed of two parts. In the first part, he reviewed the work of the provincial CPPCC committee done over the past year; in the second, he expounded the guiding thoughts and arrangements for the work of the provincial CPPCC committee for 1995. Entrusted by the Motions Work Committee, Dai Moan, vice chairman of the provincial CPPCC committee, gave a report on the motions work done since the second session of the seventh provincial CPPCC committee.

Attending the session were 608 members of the provincial CPPCC committee. Attending as observers were Standing Committee members and members of the National CPPCC Committee living in Heilongjiang; major responsible comrades of relevant departments and bureaus of the provincial government; chairmen of the CPPCC work committees of various prefectures; and chairmen of city and county CPPCC committees.

Khabarovsk Kray Guests Visit

SK1902054795 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 18 Feb 95

[FBIS Translated Text] Headed by (Feijeluofuna), the five-member delegation from the council of the Khabarovsk Kray paid an official visit to the provincial people's congress Standing Committee on the morning of 18 February. This delegation was invited to pay an official visit to the province by the provincial people's congress Standing Committee. Sun Weiben, chairman of the provincial people's congress Standing Committee, and Vice Chairman Qi Guiyuan, met with the Russian guests and welcomed their visit. They also briefed the Russian guests on the basic situation of the people's congress Standing Committee of the province.

Sun Weiben said: Khabarovsk Kray and Heilongjiang Province have a border line of more than 900 km. The two have many similar points and are economically complementary. The people's congress of Heilongjiang Province and the council of Khabarovsk Kray should strengthen ties, maintain regular contacts, and bring benefits to the people on both sides.

Heilongjiang People's Congress Concludes

SK2002052995 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 19 Feb 95

[FBIS Translated Text] The 14th Standing Committee meeting of the eighth provincial people's congress ended in Harbin today. This morning's meeting was presided by Qi Guiyuan, vice chairman of the provincial people's congress Standing Committee. Sun Weiben, chairman of the provincial people's congress Standing Committee; vice chairmen An Zhendong, Xie Yong, Du Xianzhong, Zhu Dianming, Zhao Jicheng, and Liu Hanwu; and Secretary General Liu Tongnian attended the meeting.

The meeting adopted the agenda of the third session of the Eighth Heilongjiang Provincial People's Congress; the namelist of the presidium and secretary general of the third session of the eighth provincial people's congress; the report of the Credentials Committee of the Heilongjiang provincial people's congress Standing Committee on the credentials of the by-elected deputies since the convocation of the second session of the eighth provincial people's congress; the work report of the Heilongjiang provincial people's congress Standing Committee; and the work priorities for 1995 of the Heilongjiang provincial people's congress Standing Committee. The meeting also adopted the decision on approving the revised draft of the Heilongjiang provincial technology market management regulation and the namelist of cadre appointments and removals.

Ma Shujie, vice governor of the provincial government; Tang Xianqiang, president of the provincial people's court; and Yu Wanling, chief procurator of the provincial people's procuratorate, attended the meeting as observers.

Heilongjiang Holds News Conference on Economics

SK1902063095 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 18 Feb 95

[FBIS Translated Text] Heilongjiang Province witnessed accelerated national economic development in 1994. New progress was made in social undertakings, and the overall situation was the best in recent years, marking the year as the third period of rapid development since reform and opening up.

The provincial government held a news conference on the morning of 17 February. (Li Zhifan), deputy director of the provincial Statistical Bureau, released this news to press circles in the provincial capital.

Based on initial statistics, the gross domestic product of the province last year increased by 8.7 percent over the previous year, higher than the average growth rate of the

previous 13 years by 2.5 percentage point. Of this, the primary, secondary, and tertiary industries increased by 8.9 percent, 8.8 percent, and 8.6 percent, respectively. The national economy, particularly the nonstate sector of the economy, witnessed accelerated development, up 11.8 percent over the previous year. This shows that our province has made a good start in opening up the second battlefield of economic development. Last year, our province achieved breakthrough progress in the rural economy. The increase in agriculture, forestry, animal husbandry, sideline production, and fishery was also the most rapid in recent years. Grain output topped the target of 25 million tonnes, animal husbandry production developed sustainably, and the development of non-agricultural industries was accelerated; all these added strength to rural economic development. Industry, communications, and post and telecommunication undertakings developed in a sustained manner. Industrial production was stable and showed a slight increase, and economic efficiency improved. The main characteristics were: the development of light industry was quicker than that of heavy industry, and the development of nonstate industry was quicker than that of state-owned industry; post and telecommunication operations are being modernized; domestic trade was booming and foreign trade was brisk; the growth of investment in fixed assets was slowed, and the investment structure was improved. Through in-depth reform of financial, tax, and banking systems, the economic environment was further improved. All social undertakings—including scientific, educational, cultural, public health, and sports undertakings—were vigorously developed. The standard of living of the urban and rural population were rapidly upgraded. Although our province witnessed an accelerated economic development trend in 1994, it still remained in an operational state of low rate and low efficiency compared with other places across the country. The main problems in the economic life were manifested in the following aspects: there was a fairly rapid increase in the total production and supply, but the market consumption was stagnant; the rise in commodity prices was too high; and state-owned enterprises continued to decline in efficiency. In addition, existing problems in agricultural production should not be neglected.

Reportage on Heilongjiang Propaganda Meetings

Propaganda Directors' Meeting Held

SK1902062995 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 18 Feb 95

[FBIS Translated Text] The provincial meeting of propaganda department directors was held in Harbin on the morning of 18 February. Shan Rongfan, deputy secretary of the provincial party committee, gave an important speech entitled "Realistically and Effectively Carry Out Propaganda and Ideological Work in Close Connection With the Province's Economic Development Idea and the Tasks for 1995."

Shan Rongfan pointed out: The basic demands of our province's propaganda and ideological work for this year are to comprehensively implement the guidelines of the 14th party congress, the third and fourth plenary sessions

of the 14th CPC Central Committee, and the national propaganda and ideological work conference held last year; persist in taking Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the basic guideline; continue to do a good job in using scientific theory to arm the people, correct public opinion to guide the people, noble spirit to instruct the people, and outstanding works to inspire the people; consolidate the achievements we have; improve weak links; further enhance work levels; give full play to the advantages of propaganda and ideological work; promote the implementation of the provincial party committee's overall economic development idea; and provide favorable ideological guarantees and a good social environment for fulfilling the province's 1995 economic and social development tasks.

Shan Rongfan stressed: It is necessary to act in close connection with the provincial party committee's 1995 work plans and to do a good job in propaganda and ideological work in an effort to fulfill the province's tasks for 1995's economic development and social progress. We should propagate the major significance of realizing the objective of quadrupling the GNP and attaining a level of moderate prosperity on time; should further enhance the sense of responsibility of the masses of cadres across the province; should comprehensively and accurately propagate the economic development idea which the provincial party committee has defined for realizing this strategic objective; and should help people to correctly understand this overall idea and put it into practice. It is necessary to propagate the arduousness and favorable conditions for quadrupling the GNP on time and for attaining a level of moderate prosperity as well as enhance the sense of urgency and confidence in making progress of the people at higher and lower levels across the province. In the meantime, we should strengthen external propaganda, enhance our province's renown, and serve economic development.

Shan Rongfan said: In propaganda and ideological work, we should pinpoint priorities; carefully organize work; exert efforts to grasp the work of using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm all party members and cadres across the province; continue to emancipate thinking and change minds; and promote the study of this theory to develop more deeply and effectively. It is necessary to have a good grasp of the correct media guidance, to continue to implement the keynote of maintaining unity and stability as well as boosting enthusiasm and the principle of mainly conducting positive propaganda, and to prepare the public for reform and development. We should regard promoting the three major spirits as the main content; should strengthen ideological education; should help the people cultivate a correct world outlook, outlook on life, and the concept of value; should persist in promoting the main melody of the times; should continue to grasp the project of producing one good book, one good play, one outstanding TV drama, one outstanding movie, and one persuasive article; and should provide more and better spiritual food for the masses.

Shan Rongfan also pointed out: Strengthening leadership, improving quality, effectively coordinating work, and

working in a down-to-earth manner are crucial points for guaranteeing the success of putting all propaganda and ideological tasks in the places where they are needed.

Yang Guanghong, member of the Standing Committee of the provincial party committee and director of the Propaganda Department, relayed the spirit of the national conference of Propaganda Department directors at the conference. Vice Governor Zhou Tienong attended the meeting. Also attending were participants to the provincial external propaganda work conference and to the provincial conference of directors of spirit civilization offices.

Propaganda Forum Held

SK2002024995 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 19 Feb 95

[FBIS Translated Text] This morning, provincial leaders—including Yue Qifeng, Wang Jiangong, Shan Rongfan, Yang Guanghong, Wang Xianmin, and Zhou Tienong—held a forum on propaganda and ideological work with comrades attending the provincial meeting of propaganda department directors.

Yue Qifeng, secretary of the provincial party committee, attentively listened to work briefings given by propaganda department directors of Harbin, Qiqihar, Daqing, and Mudanjiang, and fully affirmed the achievements of the provincial propaganda and ideological front during the past year. Yue Qifeng pointed out: This meeting of propaganda department directors should conscientiously implement the guidelines of the central propaganda work conference and should do a good job in implementing them. The propaganda and ideological front should work creatively in line with the province's reality, and should play a greater role in promoting our province's economic development. It is necessary to act in line with the demands proposed by the central authorities on using scientific theories to arm the people; to correct public opinion to guide the people, to correct noble spirit to mold the people, and to correct outstanding works to inspire the people; to exert efforts to grasp propaganda and ideological work in line with reality; and, through the work of this front, to enhance the spirit of the people, boost people's working enthusiasm, and emancipate their thinking.

Yue Qifeng said: The overall idea for the province's economic development has been defined and is subject to continuous improvement, development, and enhancement in the course of practice. Propaganda and ideological work is the most important of the three major [words indistinct] in economic work. Comrades of propaganda departments should have a sense of honor, responsibility, and mission; they should widely create public opinion and beat the drum for reform, opening up, and economic development. In propaganda work, we should combine theory with practice and let the people see the future; we should not offer meaningless talk. We should use a host of practices to prove the work idea of the provincial party committee and provincial government. Propaganda, ideological, and cultural departments should submit their work to and serve the central task of economic construction, and should play a role in reform, opening up, and economic development.

Yue Qifeng emphatically pointed out: Party committees at all levels should strengthen leadership over the work of the propaganda and ideological front, should study it at regular intervals, and should help propaganda departments solve problems in their work.

Wang Jiangong, deputy secretary of the provincial party committee, also addressed the forum. He said: The propaganda and ideological front should produce more experiences and should cultivate more cadres and trained personnel for realizing the overall idea for economic work proposed by the provincial party committee. Successful propaganda and ideological work will produce cohesion, fighting strength, and productive forces. We should propagate groups of typical cases that have emerged in the course of opening up the second battlefield of economic development; use them to correctly guide the people's thinking, public opinion, and speeches; explain the cases by combining theory with practice; and enable the province's economy to get out from a difficult position.

Yang Guanghong, member of the Standing Committee of the provincial party committee and director of the propaganda department, presided over today's forum.

Media Covers Discipline Inspection Plenum

Plenum Opens

SK2002050295 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 19 Feb 95

[FBIS Translated Text] The fifth enlarged plenary session of the Heilongjiang Provincial Discipline Inspection Commission was held in Harbin today. This plenary session summed up the province's situation in anticorruption struggle last year, and studied and worked out plans for this year's anticorruption work.

Li Qinglin, member of the Standing Committee of the provincial party committee and secretary of the provincial Discipline Inspection Commission, gave a work report at the session on behalf of the Standing Committee of the provincial Discipline Inspection Commission. He said: Since last year, our province has scored achievements of varying degrees in the three anticorruption tasks; the results in some places and in some aspects were fairly obvious. The province as a whole has discovered through investigation more than 1,400 cases of using cars in violation of regulations, of which more than 1,300 cases have been put right; discovered questionable houses with a total floor space of 164,000 square meters, of which 149,000 square meters have been put right; and discovered more than 330 leading cadres who defaulted on the payment of public funds totalling some 6 million yuan. Discipline inspection and supervision organs across the province have filed more than 6,500 cases for investigation, involving 17 cadres at the prefectural department level and 304 cadres at the county section level; concluded more than 6,400 cases; and punished more than 6,500 party-member cadres. The work of checking unhealthy trends has seen good results and been gradually deepened.

In referring to the province's anticorruption work tasks for this year, Li Qinglin pointed out: During this year's

anticorruption work in the province, we should particularly exert efforts to deepen the work and expand the strength to get at the root of the problems, which should be mainly manifested in the following four aspects: First, we should expand the work sphere. While grasping anticorruption work in the economic sphere, we should further strictly enforce political discipline by proceeding with safeguarding democratic centralism. Second, we should extend the work to the grass-roots level. On the basis of persisting in taking party and government organs as the priority, we should also carry out this work in state-owned enterprises. On the basis of persisting in mainly investigating cadres at and above the county section level, we should also extend the work to cadres at the county and township section level as well as responsible persons of grass-roots stations and sections. Third, we should deepen work demands. In addition to implementing the supplementary regulations and new demands of the central authorities and provincial party committee, we should also continue to grasp the implementation of all tasks formulated since the second plenary session of the central Discipline Inspection Commission. Fourth, we should readjust work methods. We should exert efforts to readjust their mechanisms and regulations.

Secretary Holds Forum

SK2002065495 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 19 Feb 95

[FBIS Translated Text] While attending a forum with discipline inspection and supervision cadres on the afternoon of 19 February, Yue Qifeng, secretary of the provincial party committee, pointed out: One of the important tasks of discipline inspection and supervision organs is to guarantee the implementation of the party's line, principles, policies, and major policy decisions. Discipline inspection and supervision organs at all levels should realistically exercise their functions in safeguarding reform, opening up, and economic development, and should create a relaxed environment for accelerating our province's economic development.

Yue Qifeng said: At present, our province's overall idea for economic development has been defined. There are three indispensable conditions to make us implement this idea fully, realistically, and effectively. First, we must pay attention to propaganda and mobilization; second, we must oppose corruption and promote honesty; and third, we must wisely use cadres. Opposing corruption and promoting honesty is a major issue affecting the party's future, life, and death; therefore, we must grasp it well. Certain achievements have been made in the current anticorruption work. However, we must not overestimate it. The corruption phenomenon still exists, and in some aspects the situation is quite serious. Therefore, the work of fighting corruption and promoting honesty should be grasped with unremitting efforts.

Yue Qifeng pointed out: One of the important tasks of discipline inspection and supervision organs is to guarantee the smooth implementation of the party's line and safeguard reform, opening up, and economic development. This is particularly important in Heilongjiang. Judging

from the present situation, our province has fallen far behind in economic development, the environment is not relaxed, and the phenomenon of creating obstacles in the middle is quite acute. Discipline inspection and supervision departments should conscientiously exercise their own functions; shoulder responsibility; through solid work, reduce the phenomena of extorting money or articles from people, making things difficult for someone, and creating obstacles; change the work style and image of cadres of party and government organs; improve the environment of economic development; and play a positive role in promoting and accelerating the province's economic development.

Yue Qifeng said: At present, the work tasks of discipline inspection and supervision organs are heavy and difficult. Party committees and governments at all levels should support, care for, and understand them as well as create necessary conditions for them to carry out their work. Discipline inspection and supervision organs should also strengthen the self-construction of their contingents.

Wang Jiangong, deputy secretary of the provincial party committee, and Li Qinglin, member of the Standing Committee of the provincial party committee and secretary of the provincial Discipline Inspection Commission, were also present at the forum.

Report on Harbin's Technical Renovation Efforts

OW1802063995 Beijing XINHUA in English 0630 GMT
18 Feb 95

[FBIS Transcribed Text] Harbin, February 18 (XINHUA)—This capital city of northeast China's Heilongjiang Province is exerting great efforts for technical renovation in a bid to regain its old position as an industrial giant.

The city plans to invest 22.26 billion yuan by the end of this century in building production bases of advanced world standards for medicine, cambric textiles, ball-bearings, gauges and measuring tools, and auxiliary equipment, respectively, according to local authorities.

Harbin is one of the oldest industrial bases in China. Of the 156 projects built with the aid of the former Soviet Union in the 1950s, one tenth were located in this city.

The city now has more than 4,000 industrial enterprises, including a batch of large state-owned firms.

Harbin plans to earmark 4.52 billion yuan for technical renovation of its old industries this year.

To speed up the renovation, the city has worked out the "Xiongfeng" (meaning "mighty gale" in Chinese) Project.

The project will introduce a group of high-tech products and foreign-currency earners, involving the fields of electricity, electronics, light industry, textiles, pharmaceuticals, foodstuffs, metallurgy, machine-building and chemicals, with the power industry as the mainstay.

Through the technical renovation of 89 large state enterprises, output worth 46.3 billion yuan more than in 1992

will be generated by the end of this century, with estimated pre-tax profits totalling 10.4 billion yuan, officials said.

So far, more than five billion yuan has been used for the renovation of 44 key projects and firms, including ball-bearing plants and power equipment companies.

Liaoning Reports Rapid Economic Growth

OW2002021795 Beijing XINHUA in English 0150 GMT
20 Feb 95

[FBIS Transcribed Text] Shenyang, February 20 (XINHUA)—The Gross Domestic Product (GDP) of Liaoning Province reached 251.2 billion yuan last year, an increase of more than 70 billion yuan over the previous year, representing 11.2 percent growth when calculated in constant prices.

The economy grew rapidly overall last year in the province, largely because of the 25.1-percent growth rate in the non-state-owned sector, which includes private and foreign-funded enterprises.

Non-state-owned businesses have become the most active part of the economy in one of China's leading industrial areas in the northeast.

Among overall industrial output value of 119.1 billion yuan, the non-state-owned sector accounted for some 48.6 percent.

A leading industrial province in China, Liaoning houses about one-tenth of China's state-owned large and medium-sized enterprises, but about half of them faced difficulties, and last year, the state-owned sector only generated a growth rate of 3.2 percent.

Officials from the Provincial Statistics Bureau say that about 45 percent of state-owned enterprises, especially metallurgical, machine, coal, and military plants, were losing money by the end last year.

Last year the province's grain production decreased by 3.59 million tons due to severe natural disasters, but the overall output value of rural areas topped 83.7 billion yuan, an increase of more than ten percent, according to the latest statistics.

The average urban residents' income grew by 5.6 percent compared with the previous year, while rural citizen's income remained unchanged.

Liaoning To Set Up Robot-Production Base

OW1802131495 Beijing XINHUA in English 1303 GMT
18 Feb 95

[FBIS Transcribed Text] Shenyang, February 18 (XINHUA)—The Shenyang No.1 Machine Tool Plant in this capital of northeast China's Liaoning Province has won the bidding to become a robot-production base.

According to Dong Qingxiang, manager of the Shenyang Machine Tool Company Ltd, which is in charge of the plant, the 60-year-old plant is expected to turn out 1,000 industrial robots a year by the year 2000.

"We are striving to produce 1.5 billion yuan-worth of robots a year and deliver 300 million yuan to the state in taxes and profits through a five-year effort," said Dong. Liaoning is one of China's key robot-producing centers and leads the country in the study and development of industrial robots.

So far, it has developed more than 20 robots for welding and transportation.

Northwest Region

Northwest Region Improves Transportation Networks

OW2002083995 Beijing XINHUA in English 0817 GMT 20 Feb 95

[FBIS Transcribed Text] Urumqi, February 20 (XINHUA)—Northwest China has concentrated on improving transport facilities to meet the needs of its rapid economic development.

Northwest China consists of Shaanxi, Gansu, and Qinghai Provinces, and the Ningxia Hui and Xinjiang Uygur autonomous regions, which cover at least one third of the country's total area.

Communications in this area remain poor both because of adverse natural conditions and historical reasons.

To improve transport facilities, the government allocated eight billion yuan to construct and upgrade railways during the 1991-93 period, and the total length is expected to be extended by 3,000 kilometers by the end of this year.

The cargo and passenger throughput between Lanzhou, capital of Gansu province, and Urumqi, capital of the Xinjiang Uygur Autonomous Region, is expected to more than double after a double-track construction is completed late this year. The freight transport capacity will jump from the original 12 million tons to 50 million tons annually.

Northwest China and Xinjiang Airlines invested more than 10 billion yuan in purchasing planes, opening routes, and constructing airports for the 1991-95 period.

By the end of last year, Northwest China had opened about 100 air routes linking the area with other parts of the country as well as outside the country.

Construction of highways in Northwest China is also in full swing, and a survey has shown that a sum of 1.5 billion yuan has been used for this purpose over the past four years, exceeding the total amount of funds for the prior 40 years, giving the area highways totalling 28,000 kilometers in length, and 2,200 bridges.

The improvement of communications has helped attract more foreign economic interests. By the end of last year, the number of foreign-funded enterprises in Northwest China had climbed to about 5,000. Over one million people from overseas and tens of millions of people from other parts of the country visit this interior area every year.

Ningxia Official Signs Accords on Rural Electricity

OW2102045095 Beijing XINHUA in English 0250 GMT 21 Feb 95

[FBIS Transcribed Text] Yinchuan, February 21 (XINHUA)—Northwest China's Ningxia Hui Autonomous Region will make greater efforts to make electricity available in all the region's rural villages by the end this October.

According to local officials, by the end of last year, 93 percent of the region's rural villages and 89 percent of the rural households were able to use electricity, and consumption of electricity in rural areas accounted for 30 percent of the region's total consumption.

Ningxia is now leading the country in the efforts to make electricity available to more and more rural households.

To help 350,000 residents of the remaining 111 administrative villages of the region, where electricity is still not available, the regional government has decided to concentrate money and labor on building facilities to provide electricity to these rural areas this year.

In mid-February, Zhou Shengxian, deputy chairman of the autonomous regional government, signed contracts with leaders of five counties which exercise jurisdiction over the 111 villages to make sure that the task of making electricity available to every village is completed by the end of this October.

The regional government and departments have pooled more than 20 million yuan in special funds for the construction of power facilities, in addition to drafting some preferential policies and measures to attract more people to join the campaign.

At present, the autonomous regional government and the five counties have all set up special groups to be in charge of the task. Construction will start on an overall level next month, say local officials.

Cheng Andong Elected Shaanxi Governor

OW1902134395 Beijing XINHUA in English 1317 GMT 19 Feb 95

[FBIS Transcribed Text] Xian, February 19 (XINHUA)—Cheng Andong, was elected by the provincial people's congress today, new governor of northwest China's Shaanxi Province.

Cheng, 59, is a native of east China's Anhui Province. A college graduate, he once worked as deputy party secretary and mayor of Pingxiang City in east China's Jiangxi Province as well as aid to Jiangxi's provincial governor and Party secretary of Xian City.

Before his election to the new post, Cheng had worked as deputy party secretary of Shaanxi provincial committee of the Communist Party of China (CPC) and acting governor of the province. He is an alternate member of the CPC Central Committee.

Shaanxi Expands Export-Led Economy

OW1902094395 Beijing XINHUA in English 0830 GMT 19 Feb 95

[FBIS Transcribed Text] Xian, February 19 (XINHUA)—Shaanxi Province in northwest China has expanded an export-led economy over the past year by increasing exports and bringing in more overseas investment, according to the Provincial Government.

The province exported 1.2 billion U.S. dollars worth of goods in 1994, 220 million dollars more than in 1993, according to the Provincial Department of Foreign Trade and Economic Cooperation.

An official of the Department said that provincial authorities have turned 60 manufacturers into major exporters and built 14 centers for the export of farm and sideline products.

For the first time in 1994 exports of machinery and electronics products topped the 300 million dollar mark, the official said, adding that exports of textiles reached a record 226 million dollars last year.

More and more foreign companies came to Shaanxi last year to open new businesses, he said.

Shaanxi approved the establishment of 444 foreign-funded companies in 1994, involving 240 million dollars in overseas investment, he said.

In 1994 foreign companies undertook 300 manufacturing projects, 70 percent of the total launched by overseas firms.

The official said that of the projects undertaken by foreign companies last year, nine involved at least 10 million dollars each and 22 involved at least five million dollars each.

A number of multi-national companies, including the Siemens Company of Germany and the Volvo Company of Sweden, have begun investing in Shaanxi, he said.

New Oil, Gas Field Found in Xinjiang

OW1702063695 Beijing XINHUA in English 0623 GMT 17 Feb 95

[FBIS Transcribed Text] Urumqi, February 17 (XINHUA)—A huge new oil and gas field has been verified in the Tarim Basin in northwest China's Xinjiang Uygur Autonomous Region, according to the regional oil exploration administration.

Extending dozens of sq km, the Yaha Oil and Gas Field accounts for one fourth of the basin's total oil and gas reserves.

The field was first discovered in the north of the basin in 1993. The local oil exploration headquarters drilled 12 wells there field last year and all proved to be high-yielding.

The daily output of the highest-yielding one among the 12 has reached 690 cu m [cubic meters] of oil and 140,000 cu m of natural gas.

The new oil and gas field is expected to produce an annual two million tons of crude oil after it goes into full operation.

The Tarim Oil Exploration Team has so far verified eight new oil and gas fields, and 15 high-yielding oil and gas wells have already been drilled there.

Experts say that much larger oil and gas fields than the Yaha one could be discovered in the basin.

Qian Qichen on Jiang's Reunification Speech*OW1802141295 Beijing XINHUA in English 1357 GMT 18 Feb 95*

[FBIS Transcribed Text] Beijing, February 18 (XINHUA)—Vice-Premier Qian Qichen said that Party General Secretary Jiang Zemin's recent speech on the reunification of the motherland represents an important policy of the Communist Party of China (CPC) and the Chinese Government on the reunification of the country under the new situation.

In his speech on January 30, Jiang Zemin put forward a series of constructive proposals concerning important issues on developing relations across the Taiwan Straits and on promoting the process of the peaceful reunification of the motherland.

Jiang's speech has drawn wide attention and response from various circles on both sides of the Taiwan Straits, Hong Kong and Macao as well as from international communities. Qian said at a four-day national conference on reporting on the Chinese mainland to Taiwan, which was closed here today.

"The speech has inspired all people who stand for the development of relations across the Taiwan Straits and support the peaceful reunification of China," the vice-premier said.

He noted that efforts should be made to carry out the guidelines of Jiang's speech in the work of reporting the Chinese mainland to Taiwan and seize the opportunity to expand relations between the two sides of the Taiwan Straits.

Under the leadership of the CPC Central Committee, Qian said, China has maintained stability and development, greatly increased its comprehensive national strength, scored world-noticed achievements and made great progress in foreign affairs.

Meanwhile, he said, "The exchanges, contacts and economic and trade cooperation across the Taiwan Straits has also made rapid progress."

"However, we have noticed that certain foreign forces are trying to meddle in the Taiwan issue in an attempt to interfere in China's internal affairs, and the tendency for separation on the island has somewhat developed," Qian noted.

"Taiwan issue is China's internal affair and brooks no foreign interference," Qian stressed.

Great efforts should be made to expand economic cooperation and personnel exchanges between the two sides of the Taiwan Straits, increase mutual understanding, foster mutual trust, and work for each other's interests and common development, so as to pave the way for the peaceful reunification of the motherland.

Taiwan Prepares for Next Wang-Koo Talks in Apr*HK2102045695 Beijing ZHONGGUO XINWEN SHE in Chinese 1346 GMT 20 Feb 95*

[FBIS Translated Text] Hong Kong, 20 Feb (ZHONGGUO XINWEN SHE)—According to news from Taipei, a

senior personage from Taiwan's Strait Exchange Foundation [SEF] said today that the SEF is now making active preparations for the fourth round of talks between Tang Shubei and Chiao Jen-ho. As it has been learned, the talks will hopefully be held in Beijing in April, when the vice chairmen from the two sides of the Taiwan Strait will meet to make arrangements for the second round of "Wang-Koo Talks."

As reported by the Central News Agency, the SEF has roughly designated Beijing as the site for the second round of "Wang-Koo Talks," and the time should be in April. In this regard, Chiao Jen-ho, vice chairman of the SEF, and Tang Shubei, vice chairman of the Association for Relations Across the Taiwan Strait, first will hold their fourth meeting in Beijing, so as to make concrete arrangements for and discuss matters relevant to the "Wang-Koo Talks."

Regarding this, SEF Chairman Koo Cheng-fu said recently that the first half of this year is "an appropriate time" for the second round of talks between Wang Daohang and himself. Hsiao Wan-chang, director of the Mainland Affairs Council under the Executive Yuan, also thinks it proper to hold the talks as the occasion demands.

Li Lanqing Meets Experts on Industrial Ties*OW2102130595 Beijing XINHUA Domestic Service in Chinese 1602 GMT 17 Feb 95*

[By reporter Wang Chli (3769 3589)]

[FBIS Translated Text] Beijing, 17 Feb (XINHUA)—A seminar on cross-strait industrial cooperation concluded in Beijing today. State Council Vice Premier Li Lanqing met some scholars and experts from both sides of the Taiwan Strait who attended the seminar.

During the meeting, Li Lanqing said: Given their respective strengths, industries on both sides of the Taiwan Strait can do even better in the 21st century if they increase cooperation to complement and benefit each other.

During the two-day seminar, 59 scholars and experts from both sides of the Taiwan Strait got together to enthusiastically deliver speeches and fully exchange their views on issues related to cross-strait industrial cooperation. Given the economic development on both sides of the Taiwan Strait, the need for greater cross-strait industrial cooperation has become more important and urgent. Mutual complementarity, mutual benefit, and common prosperity require both sides of the Taiwan Strait to devote greater efforts toward labor division and cooperation in industry. This is the consensus reached by participants from both sides. In analyzing the differences between the two sides of the Taiwan Strait in resources, funds, markets, labor, and experiences in economic management and administration, Zhou Caiyu, director and research fellow of the State Planning Commission's Economic Research Institute, maintained: The economies on both sides of the Taiwan Strait are highly complementary to each other. This complementarity, if applied appropriately, will benefit the Chinese nation. Deng Lijuan, associate professor from Xiamen University's Taiwan Research Institute, said: Cross-strait economic cooperation should be based on

mutual complementarity in the economic arena so as to realize the goal of jointly increasing economic strength and developing social productive forces. Diverse cross-strait industrial cooperation corresponds with the long-term interests of both sides. Ye Wanan [Yeh Wan-an], adviser to Taiwan's Zhonghua [Chunghua] Institute for Economic Research, maintained: We can break through "bottlenecks" in industrial upgrading if we apply technological research findings from the other side of the Taiwan Strait and combine the size of markets on both sides. He said: Both sides will benefit if their industries are combined; they will suffer if their industries are divided.

Participants offered many constructive views on how the two sides should devote greater efforts toward labor division and cooperation in industry. Liu Yingxian, director and research fellow of the Economic Research Center under the Chinese Academy of Social Sciences Institute of Taiwan Studies, said: Current political differences between the two sides of the Taiwan Strait should not be allowed to affect bilateral economic exchanges and cooperation. Moreover, no political factors should be taken into account in developing plans for economic exchanges and cooperation. She maintained: No single form of cross-strait labor division in industry should be adopted; different forms of labor division should be pursued for different industries. She suggested that the two sides jointly study, explore, and plan labor division and cooperation in industry. Wu Nengyuan, deputy director and assistant research fellow of the Fujian Provincial Academy of Social Sciences Taiwan Economic Research Institute, maintained: Both sides of the Taiwan Strait should work to create a good environment for industrial cooperation. Taiwan should quickly remove artificial barriers to cross-strait industrial cooperation. Citing Fujian-Taiwan economic exchanges and cooperation as an example, he suggested combining industrial cooperation with regional cooperation so that the former will help the latter take root and develop in depth. Zhou Tiancheng [Chou Tien-cheng], professor from Taiwan's National Zhongxing [Chunghsing] University's Economic Research Institute, said: Letting market economic rules play a greater role in

deciding the forms and methods of industrial labor division to reduce artificial interference will generate substantial economic returns. This is conducive to economic prosperity and development on both sides of the Taiwan Strait.

Official Urges Better Taiwan Communications Ties

OW1702223695 Beijing XINHUA in English 1600 GMT 17 Feb 95

[FBIS Transcribed Text] Beijing, February 17 (XINHUA)—Effective measures should be taken to quicken the development of direct postal and telecommunications service across the Taiwan Strait, an official with the post and telecommunications ministry said today.

Wu Jichuan, minister of Post and Telecommunications, made the remark at a meeting sponsored by the ministry to study Jiang Zemin's eight-point speech on peaceful reunification of China during the Spring Festival. Many democratic party members in the ministry took part in the meeting.

The minister said that Jiang's speech is of great significance in promoting the development of cross-Strait relations and China's reunification.

As one of the functional departments of the State Council, the ministry, according to Wu, should make take effective steps to promote direct postal and telecommunications service.

He expressed the hope that the Taiwan authorities can consider the immediate interests of the people across the Strait and give a response to Jiang's speech in order to put an end to the difficulties of inconvenient service and economic losses due to a lack of direct postal and telecommunications contact.

So far, some achievements have been made in indirect exchanges, according to officials from the Policy and Regulations Department under the ministry.

In 1993, about 28.93 million pieces of mail were sent across the Strait, they explained, adding that the annual telephone volume from the mainland to Taiwan since 1989 has jumped by over 75 percent to 33.40 million calls, while those from Taiwan to the mainland from 1990 to 1993 have risen seven-fold.

More Media Coverage on Jiang Speech Reaction**Lien Chan Responds***OW2102111195 Taipei CNA in English 1008 GMT
21 Feb 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 21 (CNA)—Relations between Taiwan and Mainland China have entered an era of negotiation, with trade and economic issues the main concerns, Premier Lien Chan said Tuesday [21 February].

Speaking at a plenary session of the Legislative Yuan, Lien said pragmatic, rational consultation on an equal, reciprocal basis will facilitate establishment of a solid framework for orderly exchanges across the Taiwan Strait and help forge mutual trust and rapprochement between the two sides.

At present, Lien said, cross-strait relations should still focus on trade and economic cooperation.

"We should follow the principles spelled out in our national unification guidelines as well as market economy doctrines in developing ties with Mainland China," he noted. "We can adjust our strategies and tactics in tandem with changing domestic and mainland situations for mutual benefit, but we should never budge from our basic principles."

Lien pointed out that the most feasible ways to boost cross-strait rapprochement are to "face reality, increase exchanges, respect each other and pursue eventual national unification."

"The need to promote exchanges, visits and negotiations results from the fact that China is now divided and ruled by two separate political entities," the premier explained, adding this is a reality, not an issue of recognition.

Lien further pointed out that the culprit hindering China's immediate unification is not the so-called Taiwan independence movement advocated by a handful of people here. "It is the great differences in political systems and economic development levels between the two sides that have hampered China's unification," he stressed, adding this is also a reality not an issue of recognition.

"Only by bravely and pragmatically facing these realities can the two sides develop ties on an equal footing, and cross-strait relations can be expanded and strengthened," Lien said.

He said the two sides must respect each other before China is reunified, otherwise, nobody can have confidence in the future of a unified China.

Lien urged Beijing authorities not to deliberately downgrade Taiwan's status and should instead respect its right to take part in international activities and organizations as well as its security needs.

If Beijing ceases obstruction of Taiwan's movement in the world arena and rescinds its threat to use force against Taiwan, Lien said, the two sides of the Taiwan Strait can

help each other in economic development and build a good cross-strait cooperation model.

He also expressed the hope that the two sides can come to terms on three technical issues—repatriation of mainland hijackers and illegal immigrants and procedures for resolving cross-strait fishing disputes—as soon as possible, and start negotiations for signing of an investment-protection agreement, a system for mutual protection of intellectual property rights and a legal framework for trade dispute arbitration.

The advent of the "negotiation era" signals the need to strengthen the function of the semi-official Straits Exchange Foundation (SEF) in development of cross-strait ties, Lien said, adding high-level meetings between the heads of SEF and its mainland counterpart organization are an important part in boosting cross-strait rapprochement.

Noting that the Republic of China (ROC) government has time and again reaffirmed its determination to pursue China's eventual unification, Lien said he hopes mainland leaders can understand public opinion and sentiment here and adjust their policy toward Taiwan in a realistic, pragmatic manner to create favorable conditions for national unification.

Lien's speech was seen as an official Taiwan response to Mainland Chinese President Jiang Zemin's eight-point peace overture made in late January.

Lien failed to begin his administrative report to the legislature in the morning as scheduled because of a boycott by new party legislators. He began his speech at around 1:20 P.M.

President To Respond 'Next Month'*OW2102023895 Taipei CNA in English 0149 GMT
21 Feb 95*

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Feb. 20 (CNA)—President Li Teng-hui said Monday [20 February] in his capacity as chairman of the ruling Kuomintang (KMT) that he will make an official response next month to the recent statement by mainland Chinese President Jiang Zemin on cross-strait ties.

Li, at a KMT seminar, said that his response will come when the National Unification Council, which is responsible for mapping out the strategy for Taiwan-Mainland China unification, is reshuffled.

Jiang, in his lunar new year's eve speech in Beijing, called for a meeting between the leaders of Taiwan and the mainland and for increased cross-strait economic and cultural exchanges.

"We cannot forget that the most important stand we should uphold in handling cross-strait relations is that the Republic of China on Taiwan is a sovereign state since China is now divided and under the rule of different systems," Li said at the seminar.

He said he himself, the Executive Yuan and the National Unification Council are all paying great attention to mainland policy. "But we should try to understand who drafted the statement for Jiang and what his attitude and main purpose were," Li said.

Mainland Affairs Council Chairman Hsiao Wan-chang has said that Taipei will selectively respond to the eight-point Jiang statement, which is widely regarded to be the outline for Beijing's Taiwan policy under its third-generation leadership, of which Jiang is considered the "core." Premier Lien Chan is expected to make the first response to Jiang when he delivers his administrative report to the Legislative Yuan on Tuesday.

Cabinet Screens Regulations for Election

OW2002050895 Taipei CNA in English 0135 GMT
20 Feb 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Feb. 18 (CNA)—The cabinet met on Saturday [18 February] to begin its screening of the draft regulations governing the election of the ROC president and vice president.

The regulations, containing 110 articles in seven chapters, were prepared by the Ministry of the Interior. The cabinet is scheduled to complete its screening process by the end of next month and then send the regulations to the Legislative Yuan for debate in March.

The National Assembly completed amendments to the Constitution last year, paving the way for the ROC's first direct popular presidential election. In the past, the presidents and vice presidents were elected by deputies of the National Assembly.

The cabinet has decided in principle to hold the next presidential election in March next year.

During the meeting, which was attended by representatives of the National Assembly, the Judicial Yuan, the Interior, Foreign Affairs and Finance Ministries, the Research, Development and Evaluation Commission and Overseas Chinese Affairs Commission, the cabinet approved several articles—that ROC civilians who are aged above 20 will be eligible to vote in the election, and that the National Assembly will be able to take the initiative to recall the presidents and vice presidents.

According to Government Information Office Deputy Director-General Wu Chung-lih, the cabinet will hold two or three more meetings to deliberate other articles. He said the regulations are expected to be approved by the Legislative Yuan by the end of May.

Official, Australian Minister Discuss Spratlys

OW2102022495 Taipei CNA in English 0144 GMT
21 Feb 95

[By Peter Chen]

[FBIS Transcribed Text] Canberra, Feb. 20 (CNA)—Australia and Mainland China on Monday [20 February] discussed issues concerning the Korean peninsula and

Spratly Islands at a meeting between Australian Defense Minister Robert Ray and General Xu Huizi, the visiting Chinese deputy chief of staff of the People's Liberation Army [PLA], in Canberra, the Defense Department said.

A department media officer told CNA that Ray and Xu discussed regional issues, including the problems in the Korean peninsula and Spratly Islands, but did not give more details.

Xu is currently making a one-week visit to Australia, the most senior Chinese military officer ever to visit the country, and he will wind up his tour on Friday. "General Xu's visit will allow an opportunity for an exchange of views with the Chinese military at a senior level and reflects Australia's interest in developing further our strategic dialogue with China," a department statement said.

Australian newspapers on Monday reported that Australia was concerned with the dispute over the Spratlys following the deployment of forces to the region by both Mainland China and the Philippines.

The SYDNEY MORNING HERALD quoted senior government sources as confirming that the Spratlys would be high on the agenda of the meeting between Ray and Xu. The daily said Australian Foreign Minister Gareth Evans in Kuala Lumpur on Sunday called on Mainland China and rival claimants to the Spratly Islands to exercise restraint.

He said Australia shared the regional unease over military tension between Mainland China and the Philippines. The Spratly Island group in the South China Sea is claimed in whole or part by Mainland China, Taiwan, the Philippines, Vietnam, Malaysia and Brunei.

The area is believed to harbor extensive oil and natural gas reserves and straddles the vital sea lanes between the Middle East and Northeast Asian ports. The daily said Mainland China's claim to almost the entire South China Sea and an accompanying military build-up, which would allow it to dominate the area, alarms most regional governments.

Philippine President Fidel Ramos deployed forces to part of the Spratlys earlier this month after the People's Liberation Army erected buildings and shelters on reefs and islets claimed by Manila. Philippine surveillance flights revealed that PLA warships were stationed near the area, but Mainland China insisted it was simply building shelters for mainland Chinese fishing boats.

Wedding Holds Political Ramifications

HK1702133195 Hong Kong LIEN HO PAO in Chinese 7
Feb 95 p 10

["Special dispatch" from San Francisco by LIEN HO PAO mainland news center: "Huang Ju's Daughter Gets Married in United States, Bridegroom Comes From Senior Kuomintang Official's Family"]

[FBIS Translated Excerpt] As the CPC is encouraging Chinese students studying abroad to return to China to take part in construction, and is calling on the children of its senior officials to take lead in this respect, the press here

is widely reporting that Huang Fan, who is the daughter of Huang Ju—newly appointed member of the CPC Central Committee Political Bureau, Shanghai Municipal CPC Committee secretary, and Shanghai mayor—was married at San Francisco's Grace Cathedral on 4 February, the fifth day of the Lunar New Year. Her husband is Fang Yi-wei, 34, director of the Economy-Trade Office of San Francisco Mayor Jordan [zuo dun 0146 7319] and director of the Jieyun [2212 6663] firm, in the San Francisco Bay Area. They registered with the marriage registry of the San Francisco City Government on 18 November last year.

Huang Fan came to the United States five years ago to study at the University of California-Los Angeles, majoring in accounting, and is now employed by a company run by an American. According to a source close to her, Huang Fan is an introverted person, and her marriage to Fang came as a surprise to many people.

Fang is among the members of notable families and great clans in San Francisco. His late father, Fang Ta-chuan, was chief of the YOUNG CHINA MORNING POST [shao nian zhong guo chen bao 1421 1628 0022 0948 2525 1032] run by the Kuomintang [KMT], and also founded a printing trust in San Francisco. The local free English SAN FRANCISCO INDEPENDENCE [jiu jin shan du li bao 5283 6855 3747 4539 1032] and ASIANS [ya zhou ren bao 0068 3166 0086 1032] newspapers are edited and distributed by the Fang family. Fang got his present official job because he had helped the current mayor win election. [passage omitted]

According to an informed source, Fang, after assuming the present official post, got to know Huang at a banquet in honor of Wang Daohan, former CPC Shanghai mayor and now a senior official responsible for Taiwan affairs, when he was on a visit to San Francisco. Fang Lee Pang-chin, Fang's mother, spoke highly of her daughter-in-law, saying she was pretty and lovely.

About 800 guests attended the wedding; Huang's parents were absent, but were represented by Huang's aunt on her mother's side.

Some people believed that the marriage could be attributed mainly to politics and money, but others held that the marriage built a new "channel" to facilitate cross-strait exchanges. Those who "have the entire world in mind," however, said that this served as an absolutely fine irony for the CPC, which is encouraging Chinese students studying abroad to return to China to take part in construction.

Official Denies Being Go-Between for Li, Jiang

OW2102034195 Taipei CNA in English 0110 GMT
21 Feb 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 20 (CNA)—A scholar-turned senior Kuomintang [KMT] official Monday [20 February] denied that he has acted as a secret go-between for Republic of China President Li Teng-hui and Mainland Chinese President Jiang Zemin.

Liu Tai-ying, chairman of the KMT Business Management Commission and head of the private Taiwan Research Institute, was refuting a recent statement by John Tkacik [name as received], former chief of the China division of the U.S. State Department's intelligence bureau, who claimed that Liu was a secret go-between for Li and Jiang.

"Tkacik's allegation is absurd and totally groundless," Liu said at a press conference. "All of my conversations with high-ranking Mainland Chinese officials during my four visits to Beijing were on public record and I never made such records a secret."

Liu said he had made four visits to the mainland since 1993. "My first three visits were made in my capacity as head of the Taiwan Institute for Economic Research and I last visited the mainland in September 1994 as director of the Taiwan Research Institute," he explained.

Liu said he had met with such senior mainland leaders as President Jiang, former President Yang Shangkun, Premier Li Peng and Taiwan Affairs Office Director Wang Zhaoguo. "All of those meetings took place at public occasions and details of our conversations were literally recorded and taped," Liu said, adding that he had never had private meetings with mainland officials.

"As I'm an economist, senior mainland officials were pleased to discuss Taiwan's economic development experience with me," Liu said. "I also once made suggestions on Mainland China's tax regime and financial reforms."

Liu said he once discussed Beijing's "one country, two systems" unification scheme with Yang Shangkun. "Yang was irked by my overture that Beijing should recognize Taiwan as a political entity," he recalled.

"I had also discussed cross-Taiwan Strait relations with Wang Zhaoguo and Wang Daohan, chairman of the Association for Relations Across the Taiwan Strait," Liu said, adding all of them agreed that the two sides should study from an academic angle the differences between Beijing's "one country, two systems" formula and Taipei's proposal that Taiwan and Mainland China recognize each other as equal political entities.

Liu stressed that he had presented his opinions on all those issues in his private capacity as a scholar. "My opinions had nothing to do with President Li and I'm not a personal adviser to Li," he said. "I had never even briefed Li on my mainland visits."

Next Ku-Wang Meeting May Be Held in Beijing

OW2102104495 Taipei CNA in English 0901 GMT
21 Feb 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 21 (CNA)—The second meeting between the heads of the two intermediary bodies on both sides of the Taiwan Strait may be held in Beijing in April, senior officials with the Straits Exchange Foundation (SEF) said Tuesday.

"We are arranging for a second meeting between SEF Chairman C. F. Ku and Wang Daohan, president of the

Beijing-based Association for Relations Across the Taiwan Strait (ARATS)," the officials said.

Both SEF and ARATS are semi-official bodies established by their respective governments to handle cross-strait exchanges in the absence of official contacts.

Ku and Wang held an ice-breaking rendezvous in Singapore on April 27-29, 1993. During the historic meeting, the two sides laid a framework for regular dialogue and contacts between the two intermediary bodies.

Wang has several times invited Ku to visit Mainland China for policy talks to further boost cross-strait rapprochement during the past two years.

Ku said earlier this month the first half of this year is an opportune time to hold a second high-level SEF-ARATS meeting.

According to a SEF proposal, the second Ku-Wang meeting will be held in late April in Beijing.

Before the Ku-Wang summit, SEF Vice Chairman Chiao Jen-ho and his ARATS counterpart Tang Shubei will meet to set a detailed itinerary and agenda for the high-level meeting.

Working-level SEF and ARATS officials are also expected to meet prior to the Ku-Wang summit to discuss some unsolved technical issues arising from increasing cross-strait exchanges, including repatriation of mainland hijackers and illegal immigrants as well as procedures for resolving cross-strait fishing disputes.

"We hope the two sides can come to terms on all these thorny issues so that formal agreements can be signed during the planned Ku-Wang summit," a SEF official said.

The Mainland Affairs Council (MAC), which is responsible for setting the country's Mainland Affairs Policy and overseeing SEF operations, has attached great importance to the second Ku-Wang meeting because it will be the first high-level cross-strait contact after mainland Chinese president Jiang Zemin presented an eight-point peace overture on cross-strait relations in late January.

SEF and MAC officials are expected to meet in the next few days to discuss technical details concerning the planned Ku-Wang meeting.

Cross Strait Energy Symposium Opens

OW2002102595 Taipei CNA in English 0955 GMT
20 Feb 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Feb. 20 (CNA)—A cross-Taiwan Strait energy symposium opened at the Taipei International Convention Center Monday [20 February].

The symposium, co-sponsored by the Taiwan Power Co., the Chinese Petroleum Corp., China Technical Consultant Inc., and the Industrial Technology Research Institute, will feature 20 papers over a two-day period.

The papers will focus on energy and the environment, energy economy and planning, energy supplies and energy technology.

A 15-member mainland Chinese delegation is attending the meeting, led by Zhou Fengqi, director of the Chinese Academy of Sciences' Institute of Energy.

Speaking during the opening of the meeting, Academic Sinica President Yuan T. Li urged the participants to work to develop new energy sources and new technology to solve pollution problems resulting from power generation. Li also said that from the perspective of energy development in the United States, whose population accounts for only five percent of the global total, consumes about 30 percent of world energy. Such an approach to energy consumption is hardly a model worth emulating.

Sun Yun-hsuan, senior adviser to President Li Teng-hui, said that about 90 percent of Taiwan residents now have access to electricity. He challenged the mainland to divert its attention from grand projects to improving the welfare of people and electricity generation.

Mainland delegate Zhou said that he hoped the symposium will help build a bridge for the two sides to promote cross-strait energy industry exchanges.

Mainland delegation will tour the island after the symposium before leaving here Saturday.

Navy Requests U.S. Parts To Repair Minesweeper

OW2002032495 Taipei CNA in English 0110 GMT
20 Feb 95

[By Danielle Yang]

[FBIS Transcribed Text] Kaohsiung, Feb. 18 (CNA)—The deep-sea minesweeper Yung Tze, one of four minesweepers recently delivered to the ROC by the United States, was hit by another military vessel and lightly damaged on Feb. 9 at a southern military harbor, military sources said Saturday [18 February].

Navy Commander-in-Chief Gen. Ku Chung-lien went to scene immediately after the incident to make an inquiry, they said.

The minesweeper, which was being readied for an overhaul at the southern military harbor after being towed there from the Kaohsiung shipyard, was hit by another military vessel that had just completed duty and was returning to the harbor, the sources said.

Because the damaged parts of the sweeper are made from special materials that Taiwan does not produce, the navy has asked the U.S. for the materials for emergency use, the sources added.

The four minesweepers were shipped to the China Shipbuilding Corp. from the United States on Feb. 5.

Ties With South Africa Remain 'Stable'

OW2102104695 Taipei CNA in English 0841 GMT
21 Feb 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Feb. 21 (CNA)—The Ministry of Foreign Affairs Tuesday [21 February] reiterated that relationship between the Republic of China [ROC] and South Africa remains stable and strong.

The ministry made the statement on the eve of a visit to Beijing by South African Foreign Minister Alfred Nzo. South African First Vice President Thabo Mbeki announced Nzo's visit during a press conference Monday.

ROC Ambassador to South Africa Lu I-cheng is scheduled to meet with Nzo Tuesday afternoon, ROC Foreign Ministry officials said, adding that the ROC Government will not attempt to hinder South African development of ties with Beijing, but hopes such ties will not affect the longstanding relationship between the ROC and South Africa.

ROC officials said Lu will seek to further understand Nzo's reasons for visiting Beijing and express the ROC Government's concern over the trip.

The new South African Government led by President Nelson Mandela is reportedly seeking to develop ties with both Taiwan and Beijing.

The ROC provides economic assistance and job training to South Africa and has created many business opportunities for the nation.

Officials Head To Geneva for GATT Talks

OW2002032595 Taipei CNA in English 0103 GMT
20 Feb 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Feb. 18 (CNA)—A Board of Foreign Trade (BOFT) delegation will leave for Geneva on Sunday [19 February] to begin five days of negotiations on Taiwan's membership in the General Agreement on Tariffs and Trade, or GATT.

The delegation, led by BOFT Director-General Lin Yi-fu, will conduct talks with Australia, Canada, Chile, Colombia, the Czech Republic, Mexico, Slovakia, Switzerland, four northern European countries and the European Union on Taiwan's reduction of customs duties on imported agricultural and industrial products.

The GATT working party on Taiwan's admission to the world trade body has decided to discuss Taiwan's draft entry protocol at its eighth working meeting, a date for which has yet to be scheduled, a BOFT official said.

Government To Inspect Software Exports

OW1802102895 Taipei CNA in English 0952 GMT
18 Feb 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 18 (CNA)—Taiwan hopes to phase out a computer software export inspection system before the end of June to facilitate software exports, a senior Board of Foreign Trade (BOFT) official said Saturday.

Under strong American pressure, Taiwan implemented the software examination system in November 1992 to prevent shipment of pirated computer software products to the United States.

BOFT Secretary-General Tsai Lien-sheng said software export examination has cost the national coffers more than NT [new Taiwan] \$120 million (US\$4.56 million) annually. As American companies have failed to cooperate closely with Taiwan authorities, Tsai said, the measure has become a burden for legal software manufacturers here.

According to BOFT tallies, Taiwan software manufacturers have registered 296 software programs with government authorities for export examination, but only 82 programs have been registered by American companies.

"The small number indicates American firms do not attach great importance to pre-export software examination," Tsai noted. "The inspection system cannot work effectively if US firms fail to register their software programs."

Noting that Taiwan has made remarkable progress in intellectual property rights (IPR) protection in the past two years, Tsai said, little pirated software has been found since the export examination system was introduced. "Even many Taiwan-based American companies have expressed support for removal of the examination system," he added.

During the forthcoming high-level consultations with America under the Trade and Investment Framework Agreement (TIFA), Tsai said, Taiwan will push for a "sunset clause" for the software inspection system.

"We'll negotiate with American officials for removal of the examination system, with June 30 as the deadline," Tsai noted. "Before the system is scrapped, we hope the number of items inspected and procedures can be simplified," he added.

US authorities have listed many computer software products as "high-risk" or "low-risk" items for intensive monitoring to prevent entry of Taiwan-originated counterfeit software programs. "During the TIFA meeting, we'll also ask the US to remove such regulations now that software piracy is no longer rampant here," Tsai said. The first TIFA meeting will be held in Washington, D.C. in mid-March.

Friends From European Parliament To Visit

OW1802095695 Taipei CNA in English 0851 GMT
18 Feb 95

[By Nelson Chung and Debbie Kuo]

[FBIS Transcribed Text] London, Feb. 18 (CNA)—Members of the Association of Friends of Taiwan of the European Parliament will travel to Taiwan in May to return a goodwill visit paid by their Taiwan counterparts, Wu Tung-sheng, a Republic of China [ROC] legislator said here Friday [18 February].

The decision was made when Wu and nine of his colleagues paid a courtesy call at the European Parliament on

Feb. 14 to mark the establishment of the Taiwan-European Parliamentarians Association in September last year.

The ROC legislators exchanged views with their European counterparts on ways to strengthen bilateral cooperative ties and sought support for Taiwan's bid to join the United Nations during the visit.

Reiterating Taiwan's determination to win a proper place in the international community, the lawmakers said Taiwan is by no means trying to expand the Chinese civil war from across the Taiwan Strait to the European continent.

They assured the parliamentarians that maintaining ties with Taiwan will not impede Europe's relations with Mainland China and Taiwan does not intend to replace Mainland China's position in Europe.

The Taiwan lawmakers called for closer investment ties between Taiwan and Europe, saying that it is high time for the two sides to review bilateral investment regimes, which are hampered by lack of formal diplomatic ties and insufficient promotion.

During their visit, the Taiwan legislators found that Taiwan, both official and civilian sectors, have paid little attention to Europe and focused more on the United States, Japan and other countries.

Legislator Parris Chang said he will see to it that the diplomatic budget for European posts is increased.

Chang, who represents the opposition Democratic Progressive Party (DPP), spoke on Feb. 16 at the Royal Institute for International Affairs and the Royal United Service Institute for Defense Studies on Taiwan's political reforms and post-Deng Xiaoping relations between Mainland China and Taiwan.

In addition to visiting the European Parliament during their week-long visit in Europe, the Taiwan legislators also visited parliaments in Belgium, France and Britain.

The lawmakers are scheduled to return to Taiwan separately starting Saturday.

Investment in Mainland Down 30 Percent in 1994

*OW200202295 Taipei CNA in English 0125 GMT
20 Feb 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Feb. 18 (CNA)—Taiwan investment in Mainland China decreased by 30 percent in 1994 as ties between the two sides dipped to a new low, the China External Trade Development Council (CETRA) said Saturday [18 February].

CETRA officials cited several events last year that contributed to the worsening of ties, including the Qiandao Lake

tragedy in March when a score of Taiwan tourists cruising on a pleasure boat were robbed and burned to death.

Beijing also continued to block Taiwan in its campaign to re-join the United Nations, and prevented president Li Teng-hui from attending the Hiroshima Asian Games in August. Confronted with the bullying tactics, Taiwan businesses slowed down their investment in Mainland China in line with government policy.

The Ministry of Economic Affairs approved 836 Taiwan investment projects in Mainland China worth over US\$888 million in 1994, down 34 percent and 22 percent, respectively, from the previous year. CETRA officials said that between 1991 and 1994, the government approved 10,765 Taiwan investment projects in Mainland China worth a total of US\$4.57 billion, with most of the money targeting the five major cities of Shanghai, Shenzhen, Tongguan, Xiamen and Guangzhou. They said the five cities attracted the majority of investments because of their higher technology and living standards, their satellite cities, and their better transportation networks.

But they also pointed out that with too many Taiwan investors converging on a few sites, stiff competition among them has been created, resulting in a drastic increase in production costs.

They said that Taiwan investors have gradually moved to inland provinces, with Sichuan, Hubei, Hunan, Henan, Guaxi and other inland provinces seeing 1,613 projects over the last four years. Shanghai and Shenzhen attracted 1,224 and 898 projects during the same period, however.

Taiwan investment in the mainland also has varied because of the different resources in each province. For more developed provinces such as Guangdong, Fujian, and Jiangsu, Taiwan investment has focused more on labor-intensive and advanced manufacturing industries.

Meanwhile, investment in the inland Guangxi Province centered on the transportation and non-ferrous and mineral product industries; in Hainan on the services, wood and bamboo products, and agricultural and forestry industries; and in Hebei on the food and soft drink industries.

CETRA officials also said that labor-intensive investment projects still accounted for the majority of Taiwan investment, and that such manufacturing industries as electrical appliance and electronics, chemicals, plastics, and precision instrument and machinery industries accounted for 42 percent of the projects approved by the government.

The officials also said that the scale of investment in Mainland China has expanded widely. Taiwan glass will set up two glass plants in the mainland with a total investment of over US\$100 million. Chi Mei industry is investing US\$94.5 million in the Daya Bay area, and the evergreen group will build a US\$60 million container terminal in Shanghai.

Hong Kong

Reaction to Arrest of PRC Executive Zhou Beifang

Accused of 'Commercial Crimes'

HK1802073795 Hong Kong EASTERN EXPRESS in English 18 Feb 95 p 1

[By Wang Xiangwei]

[FBIS Transcribed Text] Zhou Beifang, the head of Shougang Holdings' Hong Kong operations, is believed to have been arrested on corruption charges, company officials and sources said yesterday. A statement made from Shougang Holdings (HK) late last night confirmed only that Zhou was being investigated by Beijing' officials for alleged "serious commercial crime".

Liu Wei, the external affairs spokesman for China's largest steelmaker, said yesterday that Zhou had been arrested on Monday—just one day before the retirement of his father, Zhou Guanwu, Shougang's long-time chairman and Communist Party secretary for the firm, was made public. "Zhou Beifang has been arrested and is now under investigation for corruption and bribery. That's all I can tell you right now," Liu said.

The arrest of the younger Zhou and the retirement of his father is likely to provoke fears not only about the impact on Shougang and its five Hong Kong-listed subsidiaries but also the waning influence of Deng Xiaoping. "The political fortunes of the Zhous and Shougang largely hinge on the patronage of Deng and his family members," a Chinese economist from a leading Western brokerage said. "Now the combination of the two events could mean two things: either the younger Zhou has done something so serious that even Deng's family cannot intervene on his behalf, or the influence of Deng's family is not as strong as before."

The economist, who has just returned from a trip to Beijing, said that because the Zhous used to have close links with Deng's family, Shougang has enjoyed special privileges. But, he said, the Zhous had also made a lot of enemies. Observers noted that the retirement of the elder Zhou was announced just weeks after Wu Bangguo, the newly promoted member of the Communist Party's all-powerful politburo visited Shougang, where he criticised the company's investment policies and the quality of its steel products. The official reason for the elder Zhou's departure was his poor health and old age.

Deng visited Shougang in May 1992 and gave the firm his blessing. Months later, the firm was approved by the State Council as the first stateowned "super enterprise". With this designation, Shougang gained the right to approve investment projects of less than 200 million renminbi (HK\$185m) at home and US\$10m (HK\$77.3m) overseas. The firm has also been permitted to set up an overseas trading corporation—providing Shougang with autonomy in overseas trade—and a commercial bank, giving it exceptional rights in fund-raising and finance. It is believed that Shougang is the first and only industrial corporation to be granted such independence.

The Zhous' links to Deng's family were further strengthened in 1992 when the younger Zhou teamed with Deng's youngest son, Deng Zhifang, and the Hong Kong tycoon Li Ka-shing to buy a Hong Kong listed company, Shougang Concord Grand, formerly known as Kader Investments. In August 1994, Zhou Beifang announced that Deng Zhifang had agreed to become the deputy chairman and chief executive officer of the Shougang Concord Grand as part of the corporate restructuring. The appointment marked the first time that a member of Deng's family had taken the reins of a high-profile listed company in Hong Kong.

Arrest 'Nothing To Do With Hong Kong'

HK2102062895 Hong Kong EASTERN EXPRESS in English 21 Feb 95 p 1

[By Wang Xiangwei and Beverly Chau]

[FBIS Transcribed Text] The fallout from the arrest of Zhou Beifang, the former chairman of Shougang's Hong Kong operations, sent China-related shares tumbling on the local stock market yesterday.

The Hang Seng China Enterprises Index dropped 50.42 points or 4.8 per cent to 993.37, more than doubling the Hang Seng Index's 1.69 per cent dip.

Analysts said the effects of Zhou's arrest spread to companies associated with family members of the Shougang Concord International hierarchy in Beijing, but not included in the China Enterprises index.

Despite the plunge yesterday, the Shougang group said the trading of shares in its five locally listed subsidiaries will resume today after a one-day suspension.

The Hong Kong arm of China's largest steelmaker yesterday insisted that Zhou's arrest was not related to the five locally listed companies, contrary to official statements that Zhou was being investigated for his role in the controversial purchases of those companies in the past two years.

The abrupt change of stance appears to be part of a damage limitation exercise to dispel the uncertainties over the so-called "backdoor listings" of Chinese companies in Hong Kong.

In Beijing yesterday the Director of the Hong Kong and Macao Affairs Office, Lu Ping, said Zhou's arrest was related to cases on the mainland and had nothing to do with Hong Kong.

It is the first time that a senior Chinese government official has tried to clarify the confusion over Zhou's detention last week in Beijing.

The Shougang statement said Zhou's arrest was not related to, and would not affect or involve, the tycoon Li Ka-shing and any member of the Li-controlled Cheung Kong group.

"It (Zhou's crime) is not expected to have any impact on the operations and financial position of the relevant members of the group," the statement said.

Lu also denied rumours that the backdoor listings masterminded by Zhou were not approved.

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He said that his office, which must give its blessing to any Chinese company seeking a listing in Hong Kong, had given the go-ahead to the listings of the five Shougang companies.

The Shougang statement said the acquisitions of controlling interests in the five listed companies in 1992 and 1993 had received the approval of relevant government departments.

It said that because the acquisition of a controlling interest in Shougang Concord International in 1992 was made before the formation of the China Securities Regulatory commission, Shougang had notified the commission afterwards.

It also said that Li Geng, Zhou's right-hand man in Hong Kong, is in Beijing performing his regular duties and has not been arrested. "The alleged detention of Li in China as speculated in the press is groundless," the statement said.

Li is the managing director of Shougang Concord International and a director in Shougang Technology and Shougang Century.

The statement said that Li Jianmin, a director of Shougang Concord International, would take charge of its Hong Kong operations before the arrival of the newly appointed chairman, Zhang Yanlin.

Herbert Hui, a listing director at the Hong Kong Stock Exchange, said yesterday that the bourse was satisfied with Shougang's statement and share trading in Shougang's listed companies will resume.

Hui said the exchange will continue to closely monitor future developments in the Zhou case and the share price movements of Shougang companies. News of Zhou's arrest, played down by mainland newspapers, had little impact on China's B share markets, Irene Ho, a Credit Lyonnais analyst, said.

Arrest 'Start' of Crackdown

HK2102074895 Hong Kong HONGKONG STANDARD
in English 21 Feb 95 p 1

[By China editor Cary Huang and Sherman Chen]

[FBIS Transcribed Text] More than a dozen senior business officials, many of them executives of China's listed companies, have been under investigation and are expected to be arrested soon, according to Chinese sources.

They said the crackdown on corruption would soon cover B share firms which are open to overseas investors.

Analysts believe the sweeping action is designed to promote the reputation and legitimacy of the new generation of leadership with party chief and State President Jiang Zemin as its core.

Chinese sources close to the mainland securities agency said several senior business officials had been arrested in the past weeks. They said some of the detentions would be announced soon as many of those arrested were senior officials of listed companies in Shanghai and Shenzhen.

Sources said the intensive investigations had been going on for the past few weeks. They said the arrest of the chairman of Shougang, a Hong Kong-listed Chinese firm, was just the start of a stepped-up anti-corruption crackdown.

They added that the conservative wing had been using the campaign to undermine the reforms initiated by paramount leader Deng Xiaoping.

In the February issue of Ban Yue Tan, a bi-monthly run by the official Xinhua News Agency and which often reflects views of some senior leaders, an extremely leftist editorial warned that listed joint ventures were being used by Hong Kong businessmen to earn excessive profits and by Chinese executives to siphon off state assets.

"Some capitalists abroad are investing in our well-performing state firms to set up joint ventures, and then apply to list these companies on the Hong Kong Stock Exchange in an apparent move to make excessive profits in the short term," said the editorial of the internally circulated publication.

It fiercely attacked the market economy and called for the restoration of a Stalinist-Maoist economic system.

"We must insist on our principle of public ownership and work to bring the superiority and advantage of socialism into full play," it said.

"If we abandon socialism and accept capitalism, then we could only become an appendage of imperialism."

The article was followed by the arrest of Shougang chairman Zhou Beifang for "economic crimes", and the forced retirement of his father Zhou Guanwu as chairman of Shougang's parent company, Capital Iron and Steel Corp.

Sources said these recent developments indicated an intensifying power struggle in the party triggered by the declining health of Mr Deng, a close supporter of Mr Zhou's liberal economic policy.

Beijing-based analysts said Beifang's arrest was Mr Jiang's way of warning regional authorities who had been ignoring his authority.

They said the action would enable Mr Jiang to win political points, consolidate his power and isolate the oftentimes corrupt families of China's high officials.

"Mr Jiang has released a signal that he will teach them a lesson if they continue to ignore him," said a State Council official.

Sources said the disgraceful exit of the Zhou father and son signalled an end to the preferential treatment that had characterised the operations of most state-owned firms.

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